As of 11 a.m. ET **DJIA** 10459.64 ▲ 0.44% **FTSE 100** 5328.66 ▲ 0.65% **Nikkei 225** 10378.03 ▲ 1.91% **Shanghai Comp.** 3050.52 ▼ 2.32% **Hang Seng** 21092.04 ▲ 0.69% **Sensex** 16692.00 ▲ 0.55% **S&P/ASX 200** 4704.25 ▲ 1.49%

The hedge-fund manager who bet on recovery and won big

IN DEPTH 14-15

How prepared is Asia for another major tsunami?

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THE WALL STREET JOURNAL.

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DOWJONES A NEWS CORPORATION COMPANY

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Yen hits a seven-week low against the dollar

Associated Press

Rising long-term U.S. interest rates prompted hedge funds to buy dollars Tuesday, pushing the yen lower and lifting exporters' stock. In Japan, the government unveiled a $10.97 billion stimulus plan for the next fiscal year. Above, people outside a Tokyo securities firm. **Pages 4, 17.**

Hanoi weighs price controls in crackdown

By James Hookway

HANOI—Vietnam is considering putting price controls on a broad array of products and is cracking down on certain personal and political activity, in a sharp reversal of what has been a move toward more-open markets and a more-open society.

Foreign businesses worry about the threat of price controls—something many analysts consider a hallmark of Vietnam's Marxist past. That comes after authorities last month blocked access to Web sites such as Facebook and Twitter, following cases in which several bloggers were detained, then released, on charges of criticizing the government. In October, nine people were given stiff sentences for calling for pro-democracy protests.

Carlyle Thayer, a veteran Vietnam watcher and professor at the Australian Defense Academy in Canberra, says conservative factions in the ruling Politburo are tightening their grip on the country as Vietnam's economic worries—especially inflation and fallout from currency devaluations—grow. He says he expects more crackdowns and arrests to come in the run-up to the country's 2011 Party Congress, a major political event that will aim to map out Vietnam's political and economic direction for the following five years.

In turn, the crackdowns threaten to curtail investment and economic growth in the country.

For years, foreign donors and investors hoped that rapid growth would lead to more political debate and economic freedom here, cementing the country's emergence as one of Asia's most dynamic new economies and an important link in the global supply chain.

That's what happened in some other fast-growing countries in the region. In the 1980s and 1990s, the strengthening economies of South Korea and Taiwan helped pro-democracy movements overcome military-backed regimes.

But in Vietnam, leaders seek a path to a quick expansion of the country's $100 billion economy without spurring

Please turn to page 16

U.S. probes cyber hack of Citibank

By Siobhan Gorman And Evan Perez

The U.S. Federal Bureau of Investigation is probing a computer-security breach targeting **Citigroup** Inc. that resulted in a theft of tens of millions of dollars by computer hackers who appear linked to a Russian cyber gang, according to government officials.

The attack took aim at Citigroup's Citibank subsidiary, which includes its North American retail bank and other businesses. It couldn't be learned whether the thieves gained access to Citibank's systems directly or through third parties.

The attack underscores the blurring of lines between criminal and national-security threats in cyber space. Hackers also assaulted two other entities, at least one of them a U.S. government agency, said people familiar with the attack on Citibank.

The Citibank attack was detected over the summer, but investigators are looking into the possibility the attack may have occurred months or even a year earlier. The FBI and the National Security Agency, along with the Department of Homeland Security and Citigroup, swapped information to counter the attack, according to a person familiar with the case. Press offices of the federal agencies declined to comment.

Joe Petro, managing director of Citigroup's Security and Investigative services, said, "We had no breach of the system and there were no losses, no customer losses, no bank losses." He added later: "Any allegation that the FBI is working a case at Citigroup involving tens of millions of losses is just not true."

Citigroup is currently 27%-owned by the federal government.

The threat was initially detected by U.S. investigators who saw suspicious traffic coming from Internet addresses that had been used by the Russian Business Network, a Russian gang that has sold hacking tools and software for accessing U.S. government systems. The group went silent two years ago, but security experts say its alumni have re-emerged in smaller attack groups.

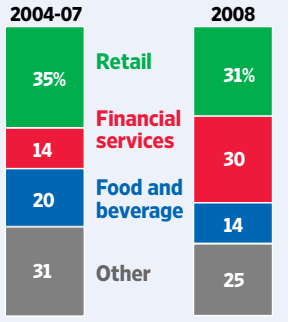
Security officials worry that, beyond stealing money, hackers could try to manipulate or destroy data, wreaking havoc on the banking system. When intruders get into one bank, officials say, they may be able to blaze a trail into others.

Last month, a federal indictment in Atlanta named eight alleged Russian and Eastern European hackers, most still at large, who prosecutors say

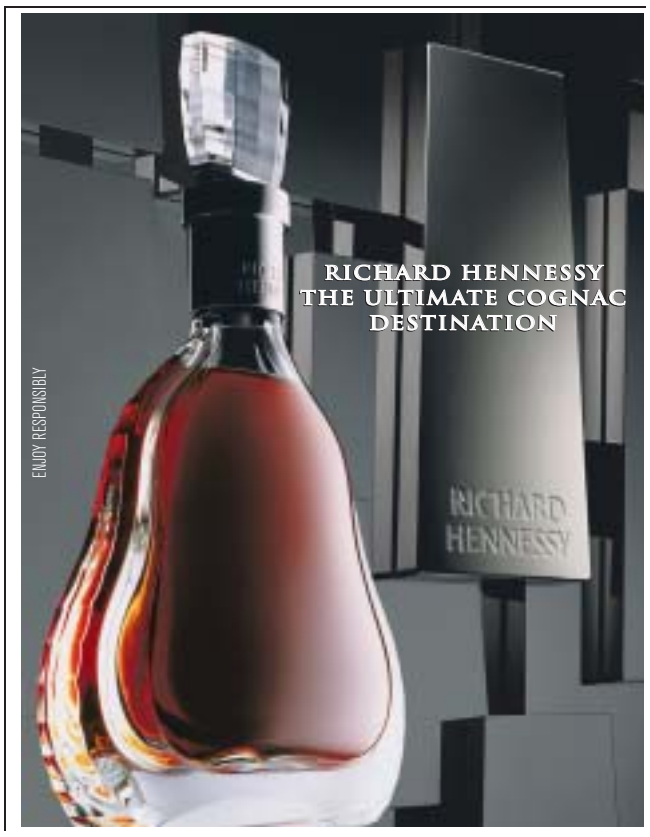
Please turn to page 16

Favorite targets

Percentage of data breaches, by industry



Source: Verizon Business



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What's News—

* * *

Business & Finance

■ **The yen hit a seven-week low** against the U.S. dollar, as rising long-term U.S. interest rates prompted hedge funds to buy the higher-yielding currency. The dollar also got a boost from better-than-expected housing data. **17**

■ **Japan unveiled a plan** to earmark $10.97 billion in the next fiscal budget to rejuvenate job growth, support local economies and help small businesses. **4**

■ **U.S. sales** of previously owned homes surged in November thanks to tax relief and low borrowing costs, data showed. **6**

■ **The WTO's reaffirmation** of its stance that China's limits on imported films, music and books are illegal could help some companies' sales in China. **4**

■ **U.S. stock indexes flirted** with 14-month highs on a mixed bag of economic data. Japan's Nikkei closed at a three-month high as a weaker yen aided exporters. **29**

■ **Dubai's two stock markets** plan to combine, as both Dubai Financial Markets and Nasdaq Dubai are struggling for business. **23**

■ **Nufarm said it was weighing** a reduced $2.3 billion takeover offer from Sinochem. **19**

■ **Hynix expects to be profitable** next year, a signal that memory chips are poised for a recovery. **17**

■ **CBS and Disney** are considering participating in Apple's proposed plan to offer TV subscriptions over the Internet. **20**

■ **Alcoa agreed to invest** in a Saudi aluminum complex, reviving the $10.8 billion project after Rio Tinto backed out. **18**

■ **Macarthur Coal agreed to pay** $589.6 million for rival Australian company Gloucester Coal. **20**

■ **Japanese officials indicated** the government might not guarantee loans to Japan Airlines, which could put pressure on the airline's retirees to accept reduced benefits as part of its restructuring. **17**

Associated Press

Almost all the 47,000 residents living on the slopes of the rumbling Mayon volcano in the central Philippines have moved to emergency shelters, and lava and earthquakes herald what officials say could be a major eruption. Above, soldiers hand out rice and canned goods to evacuees in the city of Legazpi, about 500 kilometers southeast of Manila.

■ **Malaysian Airlines agreed** to buy up to 25 Airbus A330-300 widebody aircraft. **19**

■ **The U.S. Treasury reached** a $217 million deal with Lloyds, settling allegations it violated sanctions on Iran, Sudan and Libya. **28**

■ **A weekend storm pushed** delayed U.S. holiday sales even later, leaving retailers uncertain about the season's outcome. **20**

■ **Raj Rajaratnam** and Danielle Chiesi pleaded not guilty to charges of conspiracy and securities fraud related to the Galleon Group insider-trading case. **22**

■ **Joseph Yam**, former Hong Kong Monetary Authority chief executive, was named executive vice chairman of a think tank backed by the People's Bank of China. **18**

* * *

World-Wide

■ **China and Taiwan signed** three deals at their latest trade talks and agreed to discuss removing tariffs on a range of goods in the next round of negotiations. **5**

■ **Moody's became** the third ratings firm to downgrade Greece's sovereign debt, saying there was mounting evidence that the government's long-term credit strength was "eroding materially."

■ **Beijing denied** that $1.2 billion in aid it gave Cambodia was linked to the country's deportation of 20 Muslims who had sought asylum there. **5**

■ **Hit men in Mexico** burst into a house and executed family members of a navy sailor who died in last week's battle that killed drug lord Arturo Beltran Leyva. **6**

■ **Republicans slammed** the provisions Democrats inserted in the U.S. health-care overhaul bill to win over individual senators. **6**

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WORLD NEWS

Toyota accelerates cost-cutting plan

Amid push to return to profit, auto maker asks suppliers to help it reduce parts expenses by 30% within three years

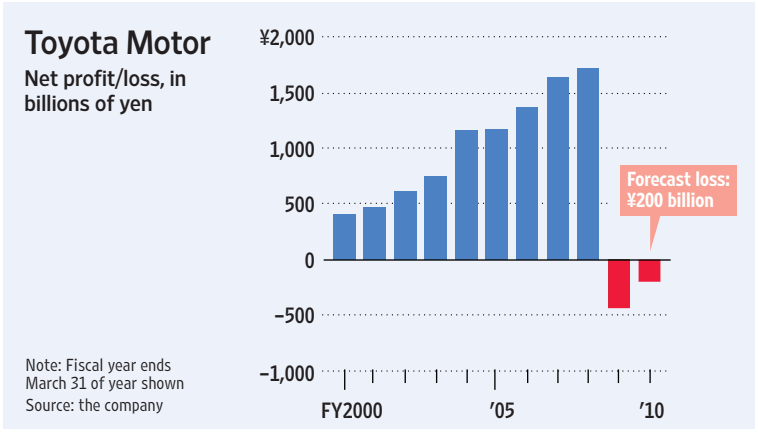
By Yoshio Takahashi

TOKYO—Under pressure from a second straight year of losses, **Toyota Motor** Corp. is making a renewed push to produce cars more efficiently and at lower costs, as part of the auto company's efforts to return to profitability despite a stronger yen and waning government incentives in key markets.

The world's biggest car maker by volume told suppliers at a meeting Monday that it wanted them to help the company reach its goal of slashing the cost of auto parts by 30% in the next three years, a person familiar with the matter said.

The Japanese company has set more aggressive cost-cutting targets under a program called RRCI, which combines two cost-reduction initiatives currently under way, the person said. RRCI stands for "Ryohin (quality), Renka (low-price), Costs and Innovation."

Toyota has been following a "Value Innovation" cost-reduction plan for new models since 2005. The program groups automotive components into dozens of categories and lowers costs in each segment.



Hit by the financial crisis, the company last year launched a "Value Analysis" program to slash the cost of producing existing car models. The effort seeks to simplify production processes and use materials more efficiently.

The latest move reflects Toyota President Akio Toyoda's determination to return the auto maker to profitability in the next fiscal year. Toyota has projected a net loss of 200 billion yen ($2.19 billion) for the current fiscal year through March—its second straight year of losses—despite efforts to slash costs by 440 billion yen this year.

The pressure on car manufacturers to become leaner is getting more intense as global auto makers increasingly look to emerging markets such as China, where demand is largely for small inexpensive cars that offer lower profit margins. "Consumers are leaning toward low-priced smaller cars, so auto makers are under pressure to cut costs," said an analyst at SMBC Friend Research Center, Shigeru Matsumura.

Toyota expects its global vehicle sales to decline 7% in the current fiscal year, but still expects sales growth in regions such as Asia and Latin America where consumers prefer small cars.

Separately, the car maker said it will stop distributing **Volkswagen** AG's vehicles to its domestic dealers by the end of 2010 amid the German car maker's review of its global sales structure.

Toyota dealers started selling the German company's cars in 1992 and accounted for 21,774 of the 45,522 Volkswagen cars sold in Japan in 2008, helping VW become Japan's top-selling imported auto brand. The German auto maker also sells its vehicles through its own sales network in Japan.

Shares in Toyota ended 2.2% higher at 3,800 yen on Tuesday, helped mainly by a weaker yen.

Toyota also plans to stop distributing Volkswagen vehicles to its domestic dealers by the end of 2010.

Toyota, like other Japanese car makers, was hit in the second half of this fiscal year when the yen rose to a 14-year high against the dollar, reducing the impact of profit earned overseas and making vehicles made in Japan more expensive abroad.

—Juro Osawa contributed to this article.

Trade ruling is unlikely to roil China

Analysts expect few changes after WTO decision that Beijing's limits on imports of films, music and books are illegal

By Ian Johnson And Loretta Chao

Agence France-Presse/Getty Images

The decision by the WTO addresses mainly how foreign products are distributed in China and doesn't force Beijing to let in products that it considers harmful.

BEIJING—A decision by the World Trade Organization reaffirming its stance that China's restrictions on imported films, music and books are illegal could help some media companies sell more products in China but isn't expected to radically shake up the field, analysts said Tuesday.

China said it regretted the ruling, which came on an appeal to an initial finding.

Separately Tuesday, China's Ministry of Commerce expressed "strong dissatisfaction" against the European Council's decision to extend an antidumping duty on imported leather shoes.

Representative of the EU's 27 nations approved a proposal to extend supplemental import tariffs of between 9.7% and 16.5% on Chinese and Vietnamese shoes until mid-2011.

The vote on the shoe tariffs comes a day after the WTO's final decision on importing films, music and books. China has no further appeals of the WTO decision and, unless the restrictions are lifted, the U.S. could begin in a year imposing duties on Chinese goods equal to the damage caused by the restrictions.

"China has conscientiously carried out its obligations under WTO rules in terms of access to the publishing market since its entry into the WTO," Yao Jian, a spokesman for the ministry, said in a statement posted on the ministry's Web site Tuesday. The ministry didn't say if it would implement the ruling, the biggest defeat China has suffered at the WTO, which it joined in 2001.

But analysts said that, even if implemented, the ruling wouldn't radically change the way business is done in China for the movie, book and music industries. That is because the ruling mainly addresses how products are distributed in China and doesn't force Beijing to let in products it deems harmful.

That means the country can still keep in place a rule restricting the number of foreign films imported each year to 20. It does mean that foreign film companies potentially could distribute directly to cinemas and bypass the China Film Group Corp., a government-run company that has a quasi-monopoly on film distribution. Under current rules, U.S. studios get about 17% of the box-office revenue, far lower than in other countries.

Eric Priest, an assistant professor at the University of Oregon School of Law who researches copyrights and the Chinese entertainment industry, said that decreasing the influence of China Film Group would help Chinese film studios as well.

"Many in the Chinese film industry are eager to break up the China Film Group monopoly, and view competition in the film-distribution business as a positive that will propel the industry forward," he said. Still, the China Film Group has said restrictions on foreign content thus far have helped the local industry grow to occupy more than half of box-office market share.

Addressing whether China will comply with the ruling, he said it was hard to imagine the government ceding ground in a meaningful way for now. "The Chinese government has long regarded films, books, and music as ideological products, and control of ideology and information is a sensitive area in which the government has remained extremely resistant to reform."

The ruling might have some effect in the book industry, although only for a limited slice of that sector. Imports currently have to go through the China Publishing Group, another government monopoly that runs bookstores in China. If that monopoly were broken, foreign publishers such as Pearson PLC's Penguin or Bertelsmann AG's Random House could export directly to booksellers.

Because these publications are mostly in foreign languages, the market is limited but it could result in more competition and variety. Currently Beijing, a city of 17 million, has just a handful of small, mostly poorly stocked foreign-language bookstores.

"If this means there is a change in the distribution system, that would allow buyers access to better retail outlets," said Jo Lusby of Penguin in China. "This would change the outlook of the market."

Longer-term, the ruling could mean that China has to more strictly enforce intellectual-property-rights laws. One of China's arguments was that it needs to limit imports of cultural products in order to protect public morals. The counterargument, however, is that almost any pornographic book or movie is already openly available in China in pirated form and the government does little to prevent this.

"Over the years, we have known that China's IPR system is a work in progress, but serious progress needs to be made soon," said James Zimmerman, a partner in the Beijing office of Squire Sanders & Dempsey. "This ruling may help to grease the bureaucratic wheels to move toward effective enforcement of IPR."

The EU's renewed duties on shoes from China and Vietnam were originally imposed in October 2006 after a coalition of shoemakers, mostly from Italy, complained they were going out of business because of Asian imports.

European retailers, who benefit from the high margins afforded by inexpensive Asian footwear, have spent the past three years lobbying EU officials. The duties, they warn, cost European consumers hundreds of million of euros a year.

Their hopes of scrapping the duties were dashed this month when Germany dropped its free-trade position and support a 15-month extension, a sign of increasing protectionism in the world's biggest exporter of goods by value.

Italian shoemakers hailed the vote Tuesday as a significant victory. Italian and European shoe manufacturers "have the right to be protected from dishonest competition," said Vito Artioli, chairman of ANCI, the Italian manufacturers lobby group.

—John W. Miller in Brussels and Victoria Ruan in Beijing contributed to this article.

Japan pledges new stimulus in next budget

By Takashi Nakamichi

TOKYO—Japan's finance minister unveiled a plan Tuesday to earmark one trillion yen ($10.97 billion) in the national budget for the fiscal year beginning in April to rejuvenate job growth, support local economies and help small businesses.

The move demonstrates how the government, faced with falling public approval and increasingly entrenched deflation, is trying to spur growth ahead of an upper-house election next year.

One of the key architects of economic policy, Deputy Prime Minister Naoto Kan, said the government's economic team will finalize the stimulus plan by the end of Wednesday.

At this point, however, Mr. Kan said he doesn't have "a clear picture" of what the new measures will look like.

In particular, it wasn't clear how much of the one trillion yen would be new money that would add to the government's planned fiscal 2010 national expenditure, which some officials estimate to be around 92 trillion yen.

Finance Minister Hirohisa Fujii suggested at a news conference that some of the funds may be redirected from other programs, but he gave few clues as to whether any of the planned measures would overlap regular budget items.

He emphasized that the stimulus effort wouldn't cause the government to break its pledge to keep new debt issuance below 44 trillion yen in the next fiscal year. "We won't sell additional government bonds," he said.

The remarks suggest that even if fresh funds prove necessary, Tokyo is confident it can find them, perhaps by using untapped government reserves, scaling back other programs, or taking other steps. Such decisions should be reflected in a draft budget for the next fiscal year that the government aims to complete by the end of the month.

In his remarks, Mr. Fujii also said his ministry is considering another one-trillion-yen program, likely for the fiscal year beginning in 2011, in response to a request Monday from the prime minister that the government allot two trillion yen to support battered regional economies.

Support for the new government of Prime Minister Yukio Hatoyama has weakened in part due to worries about the direction of the Japanese economy. While exports have been showing signs of strength, the domestic economy continues to be plagued by weak demand and by deflation, which crimps corporate profits and keeps consumers from spending.

—Takeshi Takeuchi contributed to this article.

Bombing in Pakistan leaves three dead in Peshawar

Reuters

In the latest violence in Pakistan, a suicide bomber detonated his explosives outside a press club in the northwestern city of Peshawar on Tuesday, killing three people and wounding at least 17. Above, journalists help one of the wounded move away from the club.

Taiwan, China sign 3 accords

By Crystal Hsu And Alex Pevzner

TAICHUNG, Taiwan—China and Taiwan signed three agreements Tuesday during their latest trade talks and agreed to discuss removing tariffs on a range of goods in the next round of negotiations, which will be held in China in the first half of next year.

The agreements—on industrial standards, food quarantine and fishery cooperation—were signed during the fourth meeting between China's and Taiwan's top cross-strait negotiators since Taiwan's mainland-friendly Kuomintang returned to power in May 2008. Taiwan and China resumed the talks in June last year following a suspension of some 10 years.

The latest talks are seen as a prelude to a wide-ranging trade pact called the economic cooperation framework agreement, or ECFA, which Taiwan hopes will mitigate the impact of closer integration between China and Southeast Asian economies in 2010. China is Taiwan's largest export destination, with bilateral trade amounting to US$130 billion in 2008.

"Taiwan would like to sign the trade pact with China and set in motion the negotiation as soon as possible" to avoid being marginalized internationally, Taiwan's Straits Exchange Foundation Chairman Chiang Pin-kung told reporters. The two sides will take account of World Trade Organization rules and the special cross-strait situation when they discuss removing tariffs, said Zheng Lizhong, vice chairman of China's Association for Relations Across the Taiwan Straits.

The officials didn't say when they expect to conclude the economic cooperation framework agreement. "In light of the importance and complexity involved, I think it is not wise to set a timetable for the signing of ECFA," Mr. Zheng said.

He didn't give the location or the exact timing of the next round of talks, which will also include discussions of intellectual property rights.

Under the agreement on industrial standards, Taiwan and China will work together to establish joint standards and specifications on products for which there are no international standards yet, said Huang Lai-Ho, deputy director-general of the Bureau of Standards, Metrology and Inspection under the Ministry of Economic Affairs. Exporters would have to ensure the products complied with these standards, and related companies may collect royalties if they register patents on them, Mr. Huang said.

"The profit involved is huge given the vast size of the Chinese market," Mr. Huang said, adding the pact will benefit Taiwan's light-emitting diode, solar-cell and flat-panel makers because international standards for those products aren't yet in existence. The three trade agreements will take effect within 90 days of the signing of the pacts.

The negotiations over the trade pact has led to some opposition in Taiwan, as ECFA is expected to hurt makers of shoes, socks, towels, garments, automobile parts and petrochemical products on the island because of an increase in lower-priced imports from China. Opponents are also concerned the agreement would draw Taiwan closer to China and threaten the island's de facto independence.

The trade talks will also settle which sectors will be included in the "early harvest" list of the first industries to be allowed to sell their goods at lower or zero tariffs.

Taiwan has said it hopes to include banking, textile, auto parts and machinery sectors on the list. Mr. Zheng said the content of the list is still under discussion.

He also said Taiwan and China will increase cross-strait flights during the Lunar New Year holiday that falls in February to meet demand for popular destinations, but didn't elaborate on the destinations or the number of flights. Taiwan and China currently operate 270 passenger flights a week.

No Uighur link to aid, Beijing says

Associated Press

BEIJING—The Chinese government denied Tuesday that $1.2 billion in aid it gave Cambodia was linked to the Phnom Penh's deportation of 20 Muslims who had sought asylum after fleeing ethnic violence in China's far west.

A Foreign Ministry spokeswoman said the aid package to Cambodia has "no strings attached."

China has accused the Uighurs of being involved in ethnic rioting in July that pitted the minority group against the majority Han Chinese. Cambodia deported the Uighurs Saturday despite protests from the U.S. and the United Nations, whose refugee agency stationed people at the Phnom Penh airport in an attempt to physically stop the group's expulsion.

In statements to the U.N. refugee agency, the Uighurs said they witnessed and documented the rioting China's worst ethnic violence in decades and that they feared lengthy imprisonment or even the death penalty if they were returned to China.

Chinese Vice President Xi Jinping, who arrived on a previously scheduled visit just hours after the Uighurs left, pledged $1.2 billion to Cambodia on Monday and also thanked the country for the deportations, a Cambodian government spokesman said. Cambodia said it was expelling the Uighurs because they had illegally entered the country.

A Chinese Foreign Ministry spokeswoman defended the deportations Tuesday, called the handling of the Uighurs an "internal affair" and said there were "no strings attached" to the aid package.

"According to my knowledge, some are suspected of criminal cases," Jiang Yu told a regularly scheduled news briefing. "Public security forces will handle the relevant outlaws. Their whereabouts, I have no information to offer you."

The U.S. has said it was "deeply disturbed" by the deportations. State Department spokesman Gordon Duguid said the incident would affect Cambodia's relationship with the U.S. and Phnom Penh's international standing.

Beijing is urged to lend reserves to China banks

BEIJING—China should consider lending some of its foreign-exchange reserves to Chinese commercial and policy banks, which could use the funds to finance overseas investment by Chinese companies, **Industrial & Commercial Bank of China** Ltd. Chairman Jiang Jianqing said Tuesday.

His comments highlight the debate among government and industry officials about how Beijing can make better use of its huge foreign-exchange reserves, which would help prevent risks from a too-heavy concentration on holdings in dollars.

Mr. Jiang said in a speech at a conference in Beijing that because the funds would have to be used abroad, such a policy wouldn't increase domestic money supply. Banks could even swap yuan for foreign exchange, thus reducing excess domestic liquidity, he added. After massive stimulus spending and a government-backed lending boom over the past year, concerns have grown over asset bubbles and excess capacity in some domestic industries.

China's foreign-exchange reserves totaled $2.27 trillion at the end of September. The government has sought to diversify how it invests the reserves for a better return, while pledging that the dollar will remain the key currency in its reserve portfolio. Academics have discussed various diversifying strategies, including using reserve funds to build up state stockpiles of commodities such as oil and gold.

Li Yang, a vice head of the Chinese Academy of Social Sciences, a government think tank, said on the sidelines of the forum that Chinese banks have already begun using funds from the foreign-exchange reserves to finance companies' cross-border investments. He added that the size of such funds has been "quite big." But he didn't elaborate on how the mechanism works.

If China were to adopt such a policy, it wouldn't increase domestic money supply because the foreign-exchange reserve funds would have to be used abroad.

The comments came after recent media reports that Beijing may inject as much as $200 billion from the country's foreign-exchange reserves into **China Investment Corp.**—the country's sovereign wealth fund—a plan that, if implemented, would greatly help ease pressures on the increase of the reserves.

People's Bank of China Vice Gov. Hu Xiaolian said earlier Tuesday she is unaware of any government plans to inject fresh capital into CIC, which got its initial batch of $200 billion capital on its establishment in late 2007.

Chinese officials are generally reluctant to publicly discuss internal deliberations over policies that haven't been formally approved and it remains unclear whether Ms. Hu's comments suggest that a final decision on fresh capital injection into CIC has yet to be made, or that the government has no such plan.

—Juan Chen and Liu Li

Home resales surge in U.S.; GDP revised

By Luca Di Leo And Jeff Bater

WASHINGTON—U.S. sales of previously owned homes surged in November amid tax relief and low borrowing costs, data showed Tuesday, in a positive sign for the U.S. economy's performance in the final quarter of 2009.

However, a separate report showed the economy's recovery in the third quarter wasn't as strong as earlier thought as construction and inventory investments fell short of projections.

Home resales increased for the third consecutive month, rising by 7.4% to a 6.54 million annual rate from 6.09 million in October, the National Association of Realtors said. It was the highest level since February 2007.

Economists surveyed by Dow Jones Newswires expected a 3.3% increase in sales during November to a rate of 6.3 million.

While credit conditions remain difficult and joblessness in the U.S. sits at 10%, an $8,000 tax incentive for first-time buyers, low borrowing costs and historically low prices are supporting home purchases.

The U.S. economy, emerging from its worst recession since the Great Depression, expanded for the first time in more than a year between July and September 2009. But the Commerce Department said gross domestic product expanded at an annual rate of 2.2% in the third quarter, down from previous growth estimates of 2.8% and an originally reported 3.5%.

The new figure was below Wall Street forecasts. Economists surveyed by Dow Jones Newswires were expecting the GDP revision to show growth of 2.7%.

The housing report Tuesday was another positive for the market, recovering from a big bust. Year-over-year, resales were 44.1% higher last month than the level in November 2008. October existing-home sales rose a revised 9.9%; originally, the NAR said sales surged 10.1%.

The average 30-year mortgage rate was 4.88% in November, down from 4.95% in October, Freddie Mac data showed. The NAR reported the median price for an existing home last month was $172,600, down 4.3% from $180,300 in November 2008. The decline was the smallest since a 4.1% drop in November 2007.

Of the 6.54 million in overall U.S. resales, 33% were distressed, which includes foreclosures. That compares to a range of 45% to 50% in months during late 2008 and early 2009.

Meantime, the third-quarter GDP numbers showed downward revisions to nonresidential fixed investment and to private inventory investment.

The GDP breakdown also showed consumer spending rose a quarterly 2.8% in the third quarter, slightly down from the earlier estimate that spending had risen by 2.9%.

Still, solid consumer spending and a sharp drop in stockpiles are expected to lift production and ensure continued expansion for the U.S. economy into 2010.

Strong data out earlier this month indicated that GDP should grow by more in the final three months of the year compared to the July-September period.

—Meena Thiruvengadam contributed to this article.

Republicans blast health bill

WASHINGTON—Republicans on Monday slammed the provisions Democrats inserted in their far-reaching U.S. health-care overhaul bill at the last minute to win over individual senators.

With Senate action now almost certain by Christmas, a battle to shape perceptions of the legislation is heating up, and Republicans are wasting no time attacking it as sullied by backroom deals.

*By **Naftali Bendavid**, **Janet Adamy** and **Avery Johnson***

"If this bill cannot pass without the carve-outs and the special deals, what other evidence could we possibly need that this bill is bad policy?" said Sen. Mike Johanns (R., Neb.).

Republicans criticized provisions such as an agreement pushed by Sen. Byron Dorgan (D., N.D.) to help hospitals in rural states; a deal on Medicaid payments won by Sen. Ben Nelson (D., Neb.); and help for a Superfund site in Libby, Mont., obtained by Sen. Max Baucus (D., Mont.), among others.

Democrats defended the provisions and said this was how lawmaking has always worked, including when Republicans controlled Congress. "That's what legislation is all about—it's the art of compromise," said Senate Majority Leader Harry Reid (D., Nev.). "It's no different than other pieces of legislation."

Democrats sought to keep the focus on the bill's grander aspirations, such as providing health coverage to 31 million uninsured Americans.

Mr. Reid won the first of several procedural votes shortly after 1 a.m. Monday 60-40, with all 58 Democrats and two independents voting yes and all 40 Republicans opposed.

Democrats built on their momentum Tuesday, passing an amendment to the bill and a procedural motion that moves the Senate closer to closing debate. Both measures were approved 60-39.

If Republicans continue to use parliamentary delaying tactics, as expected, a vote on the bill would come Christmas Eve. Democratic leaders would then merge the Senate and House versions, with both chambers taking their final votes in January.

In the meantime, both sides lobbed furious accusations. Michael Steele, chairman of the Republican National Committee, said Monday that Democrats were forcing through an unpopular bill, adding, "I am tired of the Congress thumbing their nose and flipping a bird to the American people."

Bloomberg News

Sen. Max Baucus (D., Mont.), shown Monday, got a provision in the health bill for a Superfund site in his state.

Mr. Reid responded by criticizing Mr. Steele's language. "I'm disappointed that someone with the title that Mr. Steele has would be so crass and set such a terrible example for the youth of this country," he said.

Having no Republicans on board, Mr. Reid had scrambled in recent days to nail down the support of every Democrat. That required a flurry of deal making, and powerful senators also used the opportunity to insert last-minute changes.

One change won by Sen. Tom Harkin (D., Iowa) would increase Medicare payments to medium-size hospitals, including eight in his state. Mr. Harkin said such "tweener" hospitals are short-changed by the current system.

He was unapologetic Monday. "I fully admit that I was part of it. I put something in the bill that was particular to the state of Iowa. Yes I did," Mr. Harkin said. Mr. Harkin's staff said the provision would help hospitals in many states.

Mr. Reid labored hard at the end of the process to keep liberals on board, and one of his biggest moves was inserting $10 billion for community health centers, a favorite cause of Sen. Bernie Sanders, a Vermont independent who at one point said he might vote no. "To me this is something that was very, very important," Mr. Sanders said, adding that it would provide primary care for 25 million Americans.

Several states—including Nebraska, Vermont and Massachusetts—won deals for more generous federal payments under the Medicaid program. "Who will pay for these special deals?" Sen. Orrin Hatch (R., Utah) asked his colleagues. "The answer is simple—every other state in the union."

Critics also took aim at $100 million inserted in the bill by Sen. Christopher Dodd (D., Conn.), who faces a tough re-election fight, that could help the John Dempsey Hospital of the University of Connecticut. Under the provision, the money must go to a facility affiliated with a state's sole public academic medical and dental school.

Mr. Dodd said it could apply to at least a dozen states, and the secretary of Health and Human Services would decide who gets it. "I crafted the language of it and wrote it in such a way that it would include far more than just my state," Mr. Dodd said.

The bill includes a tax on insurance companies intended to raise $70 billion over a decade, but the late changes added several exemptions, including one for mutual companies, which are owned by policyholders instead of shareholders. To qualify for an exemption, a mutual company must have a market share between 40% and 60% in a state and must spend 90% of premiums on medical care.

Pat Bourne, vice president at Blue Cross Blue Shield of Nebraska, said his company has a roughly 47% market share, is a mutual company and spends about 90% of its premiums on care. Nebraska is the home state of Mr. Nelson, the senator who was the last Democrat to commit to supporting the bill.

Mr. Bourne said his company didn't lobby for the exemption and added: "It's not going to give us a huge competitive advantage. I think what Nelson was trying to do is avoid a pass-through of additional taxes on Nebraskans." The office of Mr. Nelson couldn't be reached to comment.

Republicans said this was no way to make laws. "A year after this debate started, few people could have imagined that this is how it would end—with a couple of cheap deals and a rushed vote at one o'clock in the morning," said Senate Minority Leader Mitch McConnell (R., Ky.).

—Patrick Yoest contributed to this article.

Mexican gunmen kill three relatives of slain sailor

By David Luhnow And John Lyons

MEXICO CITY—More than a dozen hit men burst into a house in eastern Mexico early Tuesday and executed or wounded several family members of a navy sailor killed in last week's battle in which drug lord Arturo Beltran Leyva also died, Mexican police officials said.

The gunmen killed the mother, sister and aunt of Melquisedet Angulo Córdova near the town of Paraiso, Tabasco, just hours after the sailor was buried with a military honor guard and had been feted by the military high command as a national hero. Two of the sailor's brothers were badly wounded and remain in critical condition, officials said.

"They broke the door down with a sledgehammer and sprayed them with bullets in the living room and bedrooms," local deputy police commander Saturnino Dominguez was quoted as telling Reuters news agency.

The killing is a huge embarrassment for President Felipe Calderón and the Mexican military. Last week's navy operation that killed Mr. Beltran Leyva had temporarily quelled growing criticism that the president's strategy of sending 45,000 army troops to take on drug gangs in parts of the country had had little impact on either on the drug gangs' leadership or their business operations.

The death of the navy sailor's family members, however, will raise new doubts about the government's ability to wage a war on drug cartels, especially if the Mexican state can't protect the people who are fighting on its behalf. The sailor's family joins a tragic and growing list of Mexican federal police, army soldiers and government bureaucrats killed by cartels in retribution.

Mr. Calderón and the military had praised the sailor as an example to all Mexicans for his courage during the hours-long battle that killed Mr. Beltran Leyva in the central city of Cuernavaca last week. The sailor was a member of the Navy special forces that ambushed a luxury apartment tower and killed the drug capo and four of his bodyguards.

The president blasted Tuesday's attack as cowardly and called on Mexicans not to lose heart in attacking drug gangs, which are seen as more powerful than the Mexican government in parts of the country.

"These attacks are an example of the lack of scruples of organized crime, going after the lives of innocents," the president said in a speech.

Earlier Monday, Mr. Angulo Córdova's body was honored at the Mexico City headquarters of the Mexican Navy. The entire naval high command turned out. Admiral Francisco Saynez pledged the navy's "unconditional" support to the dead sailor's family.

"There are no words that can ease the pain of his friends and family. ... However, be certain that you count on the unconditional support from the Secretary of the Navy in these difficult hours," Adm. Saynez said during the ceremony.

Mr. Calderón has staked his administration on the high-profile fight against drug gangs, which are responsible for most of the illegal drugs sent to the U.S.

WORLD NEWS: MIDDLE EAST

Abbas sees Palestinian calm, for now

By Charles Levinson

AMMAN, Jordan—Palestinian President Mahmoud Abbas said there won't be a new Palestinian uprising as long as he's in office, but warned the current calm might end once he steps down, as early as June.

In a 60-minute interview, Mr. Abbas rebutted charges by Israel that he was responsible for holding up peace talks, saying he twice presented privately a compromise on settlements to Israeli Defense Minister Ehud Barak. Mr. Abbas said Mr. Barak ignored the offer. Mr. Barak's office didn't respond to requests for comment.

Mr. Abbas has insisted on a total freeze on settlement-building in the West Bank and East Jerusalem before any direct talks with Israeli Prime Minister Benjamin Netanyahu. Mr. Netanyahu and his coalition partners have rejected any such concession.

Mr. Abbas said he would resume direct talks if Israel implemented a full but "undeclared" building freeze for five months. In his offer—disclosed in an interview last week with Israel's Haaretz newspaper—Israel could do so without any controversial declaration, giving its leadership political cover, he said.

A senior official in Mr. Netanyahu's office called the offer "unrealistic," a "total nonstarter."

Mr. Abbas, smoking Marlboro Reds in a leather arm chair inside the cramped office he keeps at the Palestinian embassy in Amman, cracked jokes and exuded what he said was a newfound calm since his announcement in early November that he would not stand for re-election because of the lack of progress on peace talks.

His pledge to avoid a violent uprising comes as Palestinian frustrations mount over stalled talks and growing tensions with Jewish settlers. Many analysts and ordinary Palestinians have warned that a third intifada, or violent uprising, could be around the corner. The first two intifadas, which erupted in 1987 and in 2000, left thousands dead.

"As long as I'm in office, I will not allow anybody to start a new intifada. Never, never," Mr. Abbas said. "But if I leave, it's no longer my responsibility and I can't make any guarantees."

Israeli security officials have praised Palestinian security services in recent months, but maintain that Israel's military operations in the West Bank are equally critical to the decrease in violence.

While raising the specter of violence, Mr. Abbas pressed for the U.S. and the broader international community to act more aggressively to bring Israel back to the negotiating table. Mr. Abbas voiced frustration with the White House and called on President Barack Obama to apply more pressure on Israel to freeze settlements.

He said Mr. Obama should get the peace process back on track by presenting a U.S.-drafted peace proposal to both parties.

"Now the ball is in the international community's court and in America's court," Mr. Abbas said. "They have to come and say this is the end game and pressure the Israeli government." A spokesman for the White House urged Israel and the Palestinians to resume direct negotiations as the way to achieve both sides' goals.

In the interview, Mr. Abbas said he was most proud of his commitment to peace and most regretful over his failure to conclude a final peace deal.

Mr. Abbas has been on a political rollercoaster in recent months. His fortunes were on the rise in late 2009, as West Bank security and the economy improved. But when he appeared to surrender to U.S. and Israeli demands—by agreeing to meet with Mr. Netanyahu in New York in October, and then backing the deferral of a United Nations report alleging Israeli war crimes in the Gaza War—his administration was plunged into crisis.

Two months ago, polls showed Mr. Abbas likely to narrowly lose to the Hamas faction in elections. Aides said he made the decision not to run then, but his poll numbers have since ticked higher.

Elections, delayed from January, are now tentatively slated for June, but could be further postponed over rifts between Mr. Abbas's Fatah party and Hamas, the Islamist militant group that controls the Gaza Strip.

Many believe Mr. Abbas's threat to stand down is political brinksmanship meant to galvanize the international community into ramping up pressure on Israel to make concessions for peace.

The president's commitment to nonviolence has won him strong support in Washington and in European capitals. One possible successor, jailed Fatah leader Marwan Barghouti, has in the past supported violence against Israel in the West Bank.

Mr. Abbas declined to endorse a successor, but called Mr. Barghouti "a man of good reputation with a strong history of resistance."

Khalil Mazraawi/AFP for The Wall Street Journal

Mahmoud Abbas said he isn't holding up peace talks, and pushed for the U.S. to act more aggressively to bring Israel back to negotiations while he's still in office.

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FOCUS ON AFGHANISTAN

IN LOVE & WAR

Husbands and wives can now serve together in the Army. How three couples try to juggle marriage and mission in the combat zone.

By Michael M. Phillips
Kandahar, Afghanistan

Photo illustration by Stephen Webster; photos: Glynn Family; Michael M. Phillips/The Wall Street Journal

Sheree and Rob Glynn in Kandahar in November, left, and at their wedding last year in Georgia, above.

MAYBE THE COUPLE that fights together stays together. The 293rd Military Police Company is a rarity in American love and American war. Among the 150 soldiers deployed to this restive Afghan city are three married couples.

The couples' first few months in the combat zone have revealed the tensions of married warfare: The shared experience of purpose, fear and trauma brings each couple closer together, while the constant worry makes them wish they were apart. Like their civilian counterparts, they struggle to balance life and work, trying to fit in a few moments of comfort and affection among a grueling schedule of patrols, ambushes and convoys.

There are the Glynns, Sheree and Rob, corporals on their second combat tour. He survived a scrape with death, and she glimpsed widowhood. They've been drawn together by danger and loss.

There's Thomas and Bergan Flannigan, young lieutenants who believe that their roles as commanders require them to maintain a facade of marital indifference. They feel watched from above and below.

And there's Seth and Jessica Bivens, 19-year-old privates first class, new to the Army and each other. Freshly in love, they chafe at the limits that the war imposes on their relationship, and their superiors feel obliged to remind them that marriage comes second to mission.

Not long ago commanders would have balked at putting spouses this close together. First Sgt. Danny Knell, the company's top enlisted man, says that in 21 years of Army service, he has never before seen three couples in one company.

But the military is increasingly worried about the stress that repeated combat deployments have created in military marriages. The Pentagon said last month that 3.6% of married active-duty military men and women went through divorce in the year ended Sept. 30, compared to 2.6% a year prior to the Sept. 11 attacks.

So commanders are trying to be more flexible with service couples. In October, the Army adopted new rules making it easier for couples to deploy simultaneously. Army regulations leave it to local commanders to decide whether to put married couples together. Today, the Pentagon counts 284 couples deployed overseas together.

The Army's concern is that a husband and wife serving together would distract from the mission, says Sgt. Knell, a 45-year-old from Vanceburg, Ky., whose job it is to look after the welfare of the 293rd's enlisted soldiers and enforce the rules. Those opposed to allowing openly gay soldiers to serve often make a similar argument—that homosexuals would damage unit cohesion and morale. To work around any worries about the effect of the couples on the group, the 293rd, based in Fort Stewart, Ga., separates spouses among its four platoons, units of some 40 soldiers stationed at different outposts and bases around Kandahar. No husband is more than an hour away from his wife, but along routes that must be traveled in armored convoys.

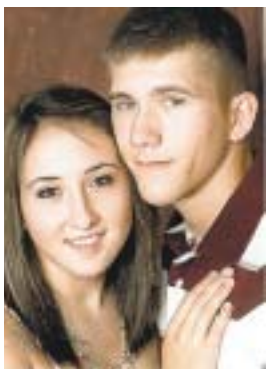
Corporals Glynn

Rob and Sheree Glynn met in Iraq during their first combat tours. Initially just friends, they started dating after returning home to Fort Stewart and married eight months later.

Rob, a 22-year-old from Springbrook, Wis., is a serious, determined soldier, with responsibility for two other MPs during patrols through Kandahar's roughest neighborhoods. His arm is inked with a tattoo of his family crest-three li-

Please turn to next page

FOCUS ON AFGHANISTAN



'Both being officers, everyone's always looking at you.'
—Bergen Flannigan

'I'd rather have her at home getting a flat tire.'
—Seth Bivens

(From left) Flannigan family; Michael M. Phillips for The Wall Street Journal; Bivens family; Ricardo Garcia for The Wall Street Journal.

Bergan and Thomas Flannigan, top left, on their wedding day, Aug. 18, 2007, in Lake Placid, N.Y., and in Kandahar. At right, Jessica Bivens on patrol behind the wheel of a mine-resistant armored vehicle in Kandahar, and at home with husband, Seth.

Continued from previous page

ons and a knight with upraised sword.

Sheree, 22, wears the crest, too, along with eight other tattoos. A native of Lafayette, La., she pushes lightly against the constraints of Army conformity. While most of the other female soldiers hide their hair in tight buns, Sheree wears a shag cut that swoops past her eyebrows. She's a clerk at the company headquarters, but is soon likely to become a team leader like her husband. The thought of it makes Rob grimace. "I know she can do her job, but there's that fear factor that something could happen," he says. "If I truly had my way" she'd remain behind a desk, he admits.

The Glynns see each other every week or so, when Rob's squad drives to Sheree's base for maintenance on their armored vehicles. When the work is done, they'll throw everyone else out of the smoking area to have a few minutes to themselves.

When they're apart, Rob puts together gift packages of crackers, potato chips, Red Bull energy drink and Chef Boyardee macaroni, and sends them her way on passing convoys.

On Oct. 16, Rob Glynn's squad went on patrol in northwestern Kandahar, the most hostile part of the city. He usually sits in the front passenger's seat of the Humvee, with his driver behind the wheel and his gunner in the turret. But Rob was on foot when insurgents opened fire on the patrol from two sides.

A medic was behind the wheel and tried to reverse the Humvee out of the ambush. But, unaccustomed to driving the wide vehicle, he scraped up against a wall. So Rob's squad leader, Sgt. Christopher Rudzinski, jumped into the driver's seat. As the sergeant backed over a small bridge, a powerful bomb erupted beneath the vehicle, critically injuring both the turret gunner and another soldier, who was sitting in Rob's seat. The explosion killed Sgt. Rudzinski instantly. A chunk of debris hit Rob in the thigh and sent him tumbling three meters along a ditch.

Sheree was at company headquarters, an hour's drive away, when word came over the radio that two soldiers had been badly wounded and a third killed. She heard the names of the wounded men and recognized them as her husband's gunner and driver. She also knew Rob was the only other soldier assigned to that Humvee. But Army rules forbid naming a dead soldier over the radio until mortuary affairs makes a formal identification. So Sheree went back to work, unsure whether Rob had survived.

She filled out casualty cards for the two seriously wounded men, listing names, injuries and brief descriptions of how they were hit. She assembled information on their next of kin and life-insurance policies. She held back the tears and turned aside other soldiers' suggestions that she stop working and leave the command post. She smoked frantically.

After an hour of limbo, a sergeant announced to the soldiers in the command post that Sgt. Rudzinski had been killed in action. Rob was headed to the base hospital for treatment of his injured leg, and Sheree asked to be dismissed from work to meet him. Outside of the trauma ward, she ran to Rob and wrapped herself around him.

Since that day, Rob has made a point of calling or text-messaging as soon as he comes in from patrol, no matter the hour. "Back safe. Long mission. Good night. I love you," reads one such note.

Sheree lost a friend during their deployment to Iraq. Now she helps Rob cope with his squad leader's death. Sheree says they're both constantly on the lookout for symptoms of post-traumatic stress disorder in one another. "It's easier for him to de-stress," Sheree says. "He can call me and confide in me."

First Lieutenants Flannigan

Her call sign is Spartan 6. His is Warlord 5. Bergan and Thomas Flannigan met at Norwich University, a military school in Northfield, Vt. As a sophomore, he served as corporal in her freshman platoon. Their flirtation started the following summer, when he was at airborne school.

They married in 2007, just before her senior year, by which time Thomas was already commissioned as a second lieutenant.

Thomas, a 25-year-old from Topsham, Vt., is now the executive officer, the No. 2, in the 293rd MP Co. He's slender and quiet, with a tuft of sandy-brown hair and close-shaved temples.

Bergan, 24, from Tupper Lake, N.Y., commands the company's 38 person-strong Spartan Platoon, which patrols commercial neighborhoods in central Kandahar. In front of her soldiers, Thomas refers to his wife as the "P.L."—platoon leader—or the "Six," since unit commanders are always given that code number in radio communications.

"Both being officers, everyone's always looking at you," Bergan says.

Bergan frequently walks Kandahar's streets. But she worries more about Thomas's safety than her own. He often accompanies Capt. Michael Thurman, the MP company commander, on patrol. "He rides out with the commander, and the commander likes to go where the action is," says Bergan. "He's taking my husband with him."

When Thomas got caught in a Taliban attack in September—two roadside bombs and a sustained firefight with machine guns and mortars—Bergan was exasperated. "What were you doing out there?" he recalls her saying. "I told you to be careful."

Though they share the same rank, Thomas's job as executive officer gives him the right to order his wife around. "Does she call you 'sir?' " Capt. Thurman teases him.

His commanders allowed Thomas to transfer into the 293rd so the couple could go to war together and avoid staggered overseas deployments.

They take time together when they can. "You just can't say, 'I'm going to Kandahar Airfield because I want to see my husband,' " says Thomas. "That's putting soldiers' lives at risk for personal gain."

Twice in the last four months Thomas has ended a mission at the forward operating base where Bergan's platoon is based. He spent the night in her room, a space separated from the other soldiers by thin plywood barriers.

On Thanksgiving Day, Bergan pulled into camp in her armored vehicle. She lifted off her heavy body armor and helmet, her hair beneath pulled into a tight brown bun. An extra barrette held the strays in place above her forehead. She headed straight for the company command post and talked patrol schedules with Capt. Thurman.

Her husband walked in shortly afterward and sat in front of a laptop computer marked "Secret." The Flannigans hadn't seen each other in days. Every once in a while Thomas gave Bergan a surreptitious glance, but she kept her attention on the captain.

"Make sure your soldiers know how to clean an AK-47," Capt. Thurman, a 31-year-old from Fremont, Neb., reminded Bergan.

After 15 minutes of shop talk, Bergan turned and left the command post, without a word of greeting for her husband.

Bergan has wanted to be in the Army since she was a little girl. And she wanted to marry someone who understood that life. "A lot of marriages don't last because they're trying to explain things to their spouse and their spouse just doesn't get it," she says. "They get frustrated and argue about it."

When Bergan was promoted last month, it was Thomas who lifted the second lieutenant's patrol cap from her head and replaced it with one bearing the black bar of a first lieutenant.

Privates First Class Bivens

Seth and Jessica Bivens met in July 2008, a couple of weeks into boot camp at Fort Leonard Wood, Mo. Both were 18 years old and fresh out of high school. They were in love by the time they finished military-police training and talking marriage when they moved on to airborne school at Fort Benning, Ga. Seth came down with pneumonia, however, and passed it on to Jessica with a kiss. Soon both were too sick to complete parachute training.

They panicked at the thought of being shipped off to different posts. On a cold, rainy night in November 2008, after dinner at Subway, Seth dropped to one knee on the sidewalk and asked Jessica to marry him.

"There are some things you have to rush into if you really love someone," says the animated, smooth-chinned Seth. They bought a ring at Zales the next day.

Shortly afterward they received orders to join the 293rd Military Police Co. in Fort Stewart. On Dec. 4, 2008, they married at the courthouse outside the base. "Just me, Jess and the judge, in blue jeans and a T-shirt," is the way Seth describes the ceremony.

By early August, they were in Kandahar on a year-long tour. Seth, raised in Borden, Ind., is with Outlaw Platoon, based at a camp in the center of the city. Jessica, who grew up in Elkhart, Ind., drives a mine-resistant armored vehicle for Black Sheep Platoon, based at Kandahar Airfield, almost an hour's drive away on a road the Taliban seed with homemade bombs.

Seth admits that Jessica is his equal with a rifle, and his better with a pistol. He says she destroyed the clutch on his 1995 Ford Mustang, but is "amazing" at steering a 14-ton armored vehicle through Kandahar. Her comrades jokingly address her as "Mrs. Bivens" or "Bivens, female."

Seth and Jessica talk daily on their Afghan cellphones. They catch time together every week or two, whenever they pass through the same camp. "It might be the last time I get to touch those lips," says Seth. "You gotta take everything you can, especially down here."

A few weeks ago, Sgt. First Class Charles Smith, Seth's platoon sergeant, overheard him in an emotional phone call with Jessica. Her complaint that day: He wasn't calling often enough.

Sgt. Smith and Jessica's platoon sergeant sat the couple down and reminded them that during wartime, the job will always come first. "They're typical young kids," says Sgt. Smith, 38, from Grand Prairie, Texas. "They don't understand deployments. They don't understand marriage. You have to counsel them on how to balance that. You'll live if the mission says you can't talk to each other for 24 hours."

Happy as Seth is to have Jessica close by, he wishes she weren't. "When she's out on mission, I know how dangerous it is because I do the same thing," he says. "I'd rather have her at home getting a flat tire." Jessica feels the same way. She'd rather she were in Afghanistan alone, and Seth were safe at home.

On Thanksgiving Day, Jessica's platoon went to Seth's camp for mess-hall turkey and mess-hall ham. She spotted him through her tinted, shrapnel-resistant glasses and marched in his direction, boots crunching on the gravel. "Hi sweetie," she said. She threw her arms around him.

They separated as she noticed the sergeant major across the way. Public displays of affection in uniform are frowned upon in the Army. Technically, the hugging soldiers could be punished for failing to maintain the "traditional respect and decorum attending the official military relationship between them while either is on duty or in public," according to the regulations. In practice, though, the Military Police company, like most Army units, tolerates such displays between spouses as long as they aren't too ostentatious.

She told him she had a present for him in her armored vehicle: A can of Red Bull and a homemade card. But he didn't have time to get it.

"I've got to get back to the platoon," he said.

On Dec. 3, a bomb exploded next to Seth's vehicle as he patrolled through Kandahar. His driver and interpreter were wounded. Seth wasn't injured.

The following day was the couple's first wedding anniversary, but their conflicting patrol schedules didn't allow them to get together.

WSJ.com

Online today: See a video about couples in the 293rd Military Police Company at **WSJ.com/Lifestyle**.

LEGAL NOTICES

BANKRUPTCIES

UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re: MIG, INC. (f/k/a Metromedia International Group, Inc.), Debtor.	Chapter 11 Case No. 09-12118 (KG)

NOTICE OF BAR DATES FOR FILING PROOFS OF CLAIM ON ACCOUNT OF CLAIMS AGAINST AND INTERESTS IN THE DEBTOR

TO: ALL CREDITORS, INTEREST HOLDERS AND OTHER PARTIES IN INTEREST WITH CLAIMS OR INTERESTS AGAINST THE ABOVE-CAPTIONED DEBTOR

PLEASE TAKE NOTICE THAT:

On December 17, 2009, the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") entered an order (the "Bar Date Order") in the chapter 11 case of MIG, Inc. (f/k/a Metromedia International Group, Inc.) (the "Debtor") in accordance with Rule 3003(c) of the Federal Rules of Bankruptcy Procedure fixing **February 19, 2010, at 4:00 p.m.** (prevailing Eastern time) (the "Bar Date"): (a) as the last day for filing proofs of claim in this chapter 11 case for all claims or interests in the Debtor arising prior to June 18, 2009 (the "Petition Date"); and (b) as the last day for all governmental units, as defined in section 101(27) of title 11 of the United States Code (the "Bankruptcy Code"), to assert claims arising before the Petition Date.

All (i) "claims," as defined in section 101(5) of the Bankruptcy Code, whenever arising, including in each case any claims against the Debtor's estate based upon the Debtor's primary, secondary, direct, indirect, fixed, secured, unsecured, contingent, guaranteed, disputed, undisputed, liquidated, unliquidated, matured, unmatured, legal, or equitable liability or otherwise (each, a "Claim"), and (ii) "interests," including the legal, equitable, contractual interests, equitable interests or ownership interests, or other rights of any Person in the Debtor including all capital stock, stock certificates, common stock, preferred stock, partnership interests, limited liability company or membership interests, rights, treasury stock, options, warrants, contingent warrants, convertible or exchangeable securities, investment securities, subscriptions, or other agreements and contractual rights to acquire or obtain such an interest or share in the Debtor, partnership interests in the Debtor's stock appreciation rights, conversion rights, repurchase rights, redemption rights, dividend rights, preemptive rights, subscription rights and liquidation preferences, puts, calls, awards or commitments of any character whatsoever relating to any such equity, common stock, preferred stock, ownership interests or other shares of capital stock of the Debtor or obligating the Debtor to issue, transfer or sell any shares of capital stock whether or not certificated, transferrable, voting or denominated "stock" or a similar security (each, an "Interest"), except as otherwise provided for or specifically excepted herein, shall be filed with the Debtor's claims agent The Garden City Group, Inc. (the "Claims Agent"), (a) in writing, (b) with an original signature, (c) in the English language, (d) denominated in currency of the United States, (e) conforming substantially to Official Form B10 or as otherwise prescribed or authorized under the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, and (f) with copies of supporting documents (or a summary thereof if such documents are voluminous) or an explanation of why such documents are not available, **so as to actually be received** on or before the Bar Date at the following address: If delivered by first class mail: The Garden City Group, Inc., Attn: MIG, Inc., PO Box 9399, Dublin, OH 43017-4299. If delivered by hand or overnight courier: The Garden City Group, Inc., Attn: MIG, Inc., 5151 Blazer Parkway, Suite A, Dublin, OH 43017. Facsimiles or e-mails of proofs of Claim will not be accepted.

The following (the "Exceptions") are excepted from the Bar Date Order and are not required to be filed on or before the Bar Date: (a) Claims already duly filed in this chapter 11 case with the Debtor's Claims Agent or with the Clerk of the Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware, 19801; (b) Claims listed in the Debtor's schedules of assets and liabilities, or as listed in any supplements or amendments thereto (the "Schedules"), if the claimant does not dispute the amount or manner in which its Claim is listed in the Schedules or the nature of the Claim and if such Claim is not designated as "contingent," "unliquidated," "subject to adjustment," "disputed," or "unknown" (or assigned a zero amount); (c) Claims arising on or after the Petition Date; and (d) Common equity interests in the Debtor. Should the Bankruptcy Court, in the future, fix a date by which proofs of Claim in respect of the Exceptions must be filed, you will be notified.

For the avoidance of doubt, holders of Claims and Interests in respect of the 7.25% Cumulative Convertible Preferred Stock issued by the Debtor are required to file a proof of Claim on or prior to the Bar Date.

Any creditor whose prepetition Claim against the Debtor is not listed in the Schedules or is listed as "disputed," "contingent," or "unliquidated" and that desires to participate in this case or share in any distribution in this case, and any creditor whose prepetition Claim is improperly classified in the Schedules or is listed in an incorrect amount, must file a proof of claim on or before the Bar Date.

The Debtor's Schedules and/or the Bar Date Order may be examined and inspected by interested parties during regular business hours at the office of the Clerk of the Bankruptcy Court, 824 Market Street, Wilmington, Delaware, 19801, or at the Debtor's website maintained by the Claims Agent, http://migreorg.com. If it is unclear from the Schedules whether your Claim is disputed, contingent, or unliquidated as to amount or is otherwise properly listed and classified, you must file a proof of claim on or before the Bar Date. Any creditor that relies on the Schedules bears responsibility for determining that its Claim is accurately listed therein.

Executory Contract and Lease Rejection Claims. Holders of Claims against the Debtor arising from the rejection by the Debtor of an executory contract or unexpired lease must file a proof of claim on or before the later of: (a) the Bar Date; (b) thirty (30) days after the entry of an order by the Court authorizing such rejection; or (c) such other date, if any, as the Court may fix in the order authorizing such rejection (the "Rejection Bar Date").

If after the Bar Date, the Debtor amends its Schedules to reduce the undisputed, noncontingent, and liquidated amount or to change the nature or classification of a Claim against the Debtor reflected therein to "disputed," "contingent" or "unliquidated," then the affected claimant shall have thirty (30) days from the date of service of notice thereof to file a proof of claim or to amend any previously-filed proof of claim in respect of such amended scheduled Claim (the "Amended Schedules Bar Date").

Any creditor or Interest holder that is required to file a proof of Claim, but fails to do so in a timely manner pursuant to the instructions herein, shall not be treated as a creditor or Interest holder with respect to such claims for purposes of voting upon, or receiving distributions under any plan or plans of reorganization or liquidation in the Debtor's chapter 11 case.

If you require additional information regarding this Notice, you may contact the Claims Agent at 1-800-327-3664.

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THE WALL STREET JOURNAL. ASIA

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THE PROPERTY REPORT

Bloomberg News

London's property market led the U.K. recovery in the latter half of 2009. But some wonder if the rebound can go on.

Recovery. And relapse?

European property rebound in 2009 faces headwinds in 2010

By William Boston
Special to the WSJ

Investors in European commercial property may not want to break out the champagne just yet.

There isn't any doubt that European property stocks have come charging back this year. The FTSE EPRA/NAREIT Europe index of property stocks surged 29% from the beginning of January to Dec. 21. But as any investor knows, past performance isn't a guarantee of the future.

So, as investors and analysts mull over the raucous ride that was 2009, they are surprisingly circumspect when placing bets for 2010. Will the economy come back and fuel the momentum or will 2010 be a lost year, marked by stabilization of 2009's gains but little new growth in stocks and property values?

Many analysts are predicting that European commercial property will continue to improve gradually over the next year. But they also warn that each of the pillars of next year's economy is like a candle in the wind that could be extinguished with an unexpected gust—a storm from Dubai, for example.

"We are expecting a slow, steady recovery," says Nick Axford, head of European research at CB Richard Ellis in London. "But if we get another big banking shock or something unexpected happens in capital markets, that changes the entire situation."

There are plent of reasons to bet that property valuations will continue to improve next year after the U.K. saw the first increase in property values in two years in the third quarter. Property values in the U.K. are down 8.4% since January, according to IPD, the London-based property-research group. But since August, U.K. commercial-property values have risen 5.4%. The European economy is coming out of recession and, barring any central-bank bungling of the stimulus-policy exit, the recovery scenario should stay intact. There is still a lot of money chasing few property assets—a support for property pricing this year, especially in the U.K.

But the property economy can hardly be called robust. European unemployment is nearing 10%, certain to be a drag on demand for space. Some analysts say that the demand for space from the financial industry, the anchor for London offices, is on the rise. But actual leasings fell 30% in Europe this year, according to CBRE. And while there are some signs that rent is rising or at least stable in some central London buildings, David Hutchings, head of European research at Cushman & Wakefield, predicts that rent levels across Europe will fall 5% to 10% in the first half of next year.

Investment activity sank to new depths this year. According to CBRE, the volume of commercial-property purchases in Europe could total about €60 billion ($85.7 billion) by year's end, half the value of deals done in 2008 and a fraction of the deals recorded at the peak in 2007.

The main buyers in the market are German open-ended funds, sovereign-wealth funds and institutional investors. What these investors have in common is that they have been willing to do deals with little or no debt. Debt financing remains hard to get.

"There is still a lot of interest from these international buyers," CBRE's Mr. Axford says. "I don't see them running away next year."

The strongest recovery in commercial-property markets was seen in the U.K., particularly in London markets with high-quality buildings or shopping centers with solid tenants, long leases and no need for additional capital to make improvements. Yields on these properties have fallen to 6.5% in the second quarter of 2009 from 6.75% in the fourth quarter of 2008, said Jones Lang LaSalle, a sign of rising prices.

But some wonder whether U.K. prices will flatten out or even fall next year. "The current rate of price appreciation in the U.K. is not sustainable," says Mike Keogh, investment analyst at Henderson Global Investors. "The more aggressive the market adjustment is over the next six to nine months, the greater the concern that U.K. property could experience a slight decline."

Given the rise in prime-property values this year, investors may be willing to accept higher risk to invest in so-called secondary property—assets that might need improvement, are partially vacant or not in the best location. Investor interest also may rise in commercial-property markets in continental Europe like Madrid and Frankfurt if competition for prime property in London drives prices higher.

But if the economy sputters, the bet could go wrong. "There is a risk that secondary London property could go through a double dip in 2011," Mr. Keogh says.

Besides some unforeseen economic shock, the biggest risk that investors and analysts see in the months ahead is the potential for commercial-property prices to overheat. There are still few properties on the market and investor competition is driving prices up, possibly higher than justified by the fundamental health of the economy. The divergence between property investment markets and the economy could make for a volatile year.

"We have an investment market that is bottoming out and an occupational market that is still struggling," says Paul Guest, head of European research at Jones Lang LaSalle in London. "At best, it's going to be a bumpy year."

Bumpy rebound

Investors see risk as European property stocks rise. FTSE EPRA/NAREIT Europe index

Source: FTSE and the European Public Real Estate Association

The Peoples' Revolt in Iran

The foundation stones of Iran's Islamic Republic were shaken again on Monday, showing that the largest antigovernment movement in its 30 years may be one of the biggest stories of next year as well. Now imagine the possibilities if the Obama Administration began to support Iran's democrats.

The perseverance of the so-called Green Movement is something to behold. Millions of Iranians mobilized against the outcome of June's fraudulent presidential election, and their protests were violently repressed. But the cause has only grown in scope, with the aim of many becoming nothing less than the death of a hated system.

Monday offered a glimpse into the regime's crisis of legitimacy. As in the waning days of the Shah in the late 1970s, Iranians merely need an excuse to show what they think of their rulers. The funeral of a leading Shiite cleric who'd inspired and guided the opposition brought out tens to hundreds of thousands to Iran's religious capital of Qom. Media coverage is severely restricted, but the demonstration's size was impossible to deny.

Grand Ayatollah Hossein Ali Montazeri, who died Sunday, was no ordinary religious figure. He stood alongside the leader of the Islamic Revolution, his mentor Ayatollah Khomeini, and he was handpicked to replace him. But Montazeri broke with the ruling mullahs in the late 1980s, criticizing their violence and repression. And in recent months, he became a spiritual leader to the opposition.

He knew the regime intimately: "A political system based on force, oppression, changing people's votes, killing, closure, arresting and using Stalinist and medieval torture, creating repression, censorship of newspapers, interruption of the means of mass communications, jailing the enlightened and the elite of society for false reasons, and forcing them to make false confessions in jail, is condemned and illegitimate," he wrote.

Associated Press

The regime is losing legitimacy.

Ailing at his death, Montazeri leaves behind a legacy Iranian modernizers can build on. Like the Grand Ayatollah Ali Sistani in Iraq, he believed that the Shiite clergy should stay out of democratic politics. He also helped shape views on Iran's nuclear program. In October, Montazeri issued a fatwa against developing an Iranian bomb. His statement confirmed the view among Green Movement figures who believe an atomic weapon will only consolidate the regime's hold on power and isolate Iran.

Absent religious legitimacy for the so-called Islamic Republic, the current rulers must rely on blunt means of preservation, such as the elite Revolutionary Guards and the Basiji militias. Thus Iran seems to be morphing into a military dictatorship, not unlike the Poland of Wojciech Jaruzelski after the "workers"—the supposed communist vanguard—turned against that regime.

Relying on thugs carries risks. During the summer protests, many protestors were killed, tortured and raped in the regime's jails. Among the dead is the son of a prominent conservative parliamentarian. Supreme leader Ali Khamenei sought to damp public outrage by closing the most notorious prison at Kahrizak, but pressure has continued to build. Reversing months of denials, the government on Saturday acknowledged the abuses, bringing charges against 12 military officials for the murder of three young protestors this summer.

Previously a neutral broker in Iranian politics, Khamenei undermined himself by siding so openly with President Mahmoud Ahmadinejad after June's elections. The decision to prosecute, which he would have had to sign off on, may be another miscalculation. A trial could help expose the corruption at the heart of this system.

(Another Polish parallel comes to mind: The 1984 trial of the secret policemen who murdered the pro-Solidarity priest, Father Jerzy Popieluszko, that further hurt that government's credibility.)

Which brings us to President Obama. Throughout this turbulent year in Iran, the White House has been behind the democratic curve. When the demonstrations started, Mr. Obama abdicated his moral authority by refusing to take sides, while pushing ahead with plans to negotiate a grand diplomatic bargain with Mr. Ahmadinejad that trades recognition for suspending the nuclear program.

Mr. Obama has since moved at least to embrace "universal values," and in his Nobel address this month he mentioned the democracy protestors by name. The White House sent condolences on Monday to Montazeri's friends and family, which is what passes for democratic daring in this Administration.

But the White House is also still pleading for talks even as its December deadline passes without any concession from Tehran. Meantime, the Iranian opposition virtually begs Washington not to confer any legitimacy on the regime, and the democracy demonstrators crave American support. Iran's civil society clock may now be ticking faster than its nuclear clock. However hard it may be to achieve, a new regime in Tehran offers the best peaceful way to halt Iran's atomic program. Shouldn't American policy be directed toward realizing that goal?

Big-Government Backlash

President Obama's approval rating has sunk below 50% for the first time, but for our money the bigger polling news is the way his agenda is turning the public against activist government.

Last week's NBC/Wall Street Journal survey asked whether voters thought that "government should do more to solve problems and help meet the needs of people" or if "government is doing too many things better left to businesses and individuals." This is a familiar polling question to gauge the credibility of government, albeit a bit loaded toward liberal social rhetoric.

Some 47% nonetheless replied that they thought government is doing too much, while only 44% believed that it should do more. That's a striking change since February, when the views were reversed, with 51% saying the government should do more, and only 40% saying do less.

Even more startling, in the latest survey only 18% said they trusted government to do the right thing "most of the time," down from a high of 36% in July 2004 and 27% in August 2005. Some 32% said they trusted government to do the right thing "almost never," up from single digits in earlier surveys when it was a volunteered response.

One of Mr. Obama's not so subtle political goals has been to rehabilitate the public's confidence in government as a way to further his policies of expanding the entitlement and welfare state. As he said during the campaign, the President sees himself as the anti-Reagan, seeking to build a new Democratic majority as the party of government. And in his September health-care speech to Congress, he devoted several paragraphs to defending government as an agent of social change.

So far, however, his Administration's enormous and helter-skelter expansions of the federal government seem to be having the opposite political effect.

ObamaCare's Longshoremen Rules

President Obama praised the Senate Monday for clearing a 60-40 procedural vote on his health plan in the dead of night and "standing up to the special interests who've prevented reform for decades and who are furiously lobbying against it now." They're furiously lobbying all right—not against ObamaCare but *for* the sundry preferences in the Senate bill.

> Cost-control and taxes for some, but not for others.

Start with the special tax carve-outs included in the "manager's amendment" that Harry Reid dropped Saturday morning. White House budget director Peter Orszag has claimed that the bill's 40% excise tax on high-cost insurance plans is key to reducing health costs. Yet the Senate Majority Leader's new version specifically exempts "individuals whose primary work is longshore work." That would be the longshoremen's union, which has negotiated very costly insurance benefits. The well-connected dock workers join other union interests such as miners, electrical linemen, EMTs, construction workers, some farmers, fishermen, foresters, early retirees and others who are absolved from this tax.

In other words, controlling insurance costs is enormously important, unless your very costly insurance is provided by an important Democratic constituency.

The Reid bill also gives a pass on the excise tax to the 17 states with the highest health costs. This provision applied to only 10 states in a prior version, but other Senators made a fuss. So controlling health costs is enormously important, except in the places where health costs need the most control.

These 11th-hour indulgences make a hash of Mr. Orszag's cost-control theories and Mr. Obama's cost-control claims. Their spin has been that wise men would convene and make benevolent decisions about everyone's health care based only on evidence and the public good. But as the Reid bill shows, politics will always dominate when Washington is directing a U.S. health industry that is larger than the economy of France.

Or take a separate $6.7 billion annual "fee" on insurance companies that is supposed to be divvied up by market share. This beaut doesn't claim to be anything more than a revenue grab, but at the behest of Michigan Senator Carl Levin, Democrats chose to apply it to some insurers and not others. Select companies incorporated as nonprofits will be exempt, even though nonprofits typically have net income exceeding for-profit companies because they pay no taxes.

Since this new tax will merely be passed through as higher premiums, the carve-outs mean that cost increases will be even higher for workers whose employer contracts with a nonfavored insurer. The poor saps stuck with higher premiums everywhere else can thank Mr. Levin and Senators Debbie Stabenow, Dick Durbin, Barbara Boxer and Dianne Feinstein.

The press corps is passing this favoritism off as sausage-making necessary to "make history," but that's an insult to sausages. What this special-interest discrimination illustrates is how all health-care choices will soon be made as Washington expands its political control over one-seventh of the U.S. economy.

Letters To The Editor

* * *

Do We Really Want Global Financial Regulation?

Regarding U.K. Prime Minister Gordon Brown and French President Nicolas Sarkozy's "For Global Finance, Global Regulation" (op-ed, Dec. 11): The European Union is feeling feisty, having "led the way last year in facing down the global financial crisis," according to Messrs. Brown and Sarkozy. EU leaders perceive a unique opportunity to draw America into a global regulatory framework that governs financial institutions, taxation, carbon emissions and income transfers to help poorer nations pay for regulatory compliance.

Nicolas Sarkozy

At first blush the proposals made by Messrs. Brown and Sarkozy all seem directed at irresponsible and villainous global banks (more regulation, tighter capital requirements, less risk-taking, and lower executive pay). However, they drift into a broader "global compact" that goes after tax and regulatory havens, coordinates macroeconomic policies to reduce foreign exchange volatility and includes financial-transaction levies.

Dreams of a new world order all depend on a compliant, not an exceptional, America. President Barack Obama's speeches and policies apparently have persuaded EU leaders that he and Democrats in Congress share a dream of domestic and international communitarianism. In that cooperative framework, America is a team player, not a leader, and it is amenable to oversight by global regulatory bodies. Mr. Brown and Mr. Sarkozy volunteer Europe to "once again lead the way in forging a new global consensus." The agenda behind that generous offer of European leadership certainly encompasses far more than controlling and punishing a handful of global banks.

Al Franklin
Hyannis, Mass.

Messrs. Brown and Sarkozy neglect to consider a number of adverse consequences that may arise from their suggestions. How is such a global compact to be implemented, and who will have the authority to make the regulations? Will nations have to forfeit sovereignty to some democratically unaccountable super-body, much in the way many economic regulations have been created in the EU by the EU Commission and the European Court of Justice, both outside the reach of the popular will and armed with wide discretionary powers?

Increased global financial regulation would vastly increase systematic risk. This is "too big to fail" at the extreme. This crisis was created in part by large institutions all doing the same thing. One uniform policy of regulation, if chosen poorly, would heighten the dangers of collapse, and makes the mistake of assuming that one single policy will be optimal for all nations of this highly diverse world. A more federalized and pluralistic regulation attuned to ambient needs will allow democracy to flourish and reduce the risk of systemic failure.

Donald F. Grunewald
Wilton, Conn.

* * *

JAL and American: Perfect Partners

In the opinion article "Bringing JAL Back From the Brink" (Dec. 8), Peter Harbison expresses an insightful review of the issues facing Japan Airlines. However I respectfully submit that Mr. Harbison is only half correct in his conclusion by stating that United States regulators would frown on a JAL alliance with either American Airlines or Delta on competitive grounds.

Antitrust immunity is an all but necessary component to the success of the "Open Skies" accord that the U.S. and Japan tentatively reached on Dec. 11. It is market dominance that will be at the forefront for any antitrust immunity applications considered by the U.S. Department of Transportation.

Today, the three global air alliances—oneworld, SkyTeam and the Star Alliance—compete with roughly equal shares of the U.S.-Japan market. However if JAL were to partner with Delta and join SkyTeam, SkyTeam's share would jump to 62%, and SkyTeam and Star would have a duopoly with 93% of the market. That would clearly be anticompetitive and in violation of U.S. Code, which specifically prevents grants of antitrust when such action substantially reduces or eliminates competition. On the other hand, granting JAL and American antitrust immunity would leave the three alliances with roughly equal market share at Narita—to the benefit of consumers. All overlap markets between JAL and American will remain competitive.

Now that an Open Skies agreement has been tentatively reached between Japan and the U.S., United Airlines and All Nippon Airways, both Star alliance members, are expected to apply for immunity. How will JAL best compete with this stronger duo? We believe it is with American, which has all the incentive in the world to put its traffic on JAL's network and can deliver antitrust immunity and provide the right partnership for JAL to succeed.

Theo Panagiotoulias
Vice President and Managing Director, Asia and Pacific
American Airlines
Tokyo

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A God of the Copybook Headings

[Global View]

By Bret Stephens

In the Carboniferous Epoch were promised abundance for all;
By robbing selected Peter to pay for collective Paul;
But, though we had plenty of money, there was nothing our money could buy;
And the Gods of the Copybook Headings said: "If you don't work, you die."

—Rudyard Kipling

In a couple of days, the Senate will give its 60 ayes to the largest expansion of government since the Great Society. The Obama administration is proposing a third round of fiscal stimulus, because the first two worked so well. And Ben Bernanke is, without irony, Time's Person of the Year.

All of which is a reminder that, unlike vampires, there's no driving a stake through the heart of a bad idea. Karl Marx will always be with us, at least at the New Yorker. So will Jean-Jacques Rousseau, the patron saint of environmentalists even if they don't know it. And so will John Maynard Keynes, godfather of Obamanomics. History is only repeated as farce to those who either have forgotten it or enjoy the sick humor of a disaster foretold.

Then again, as George Melloan reminds us in "The Great Money Binge: Spending Our Way to Socialism," just as bad ideas never quite go out of fashion, neither do good ones. Readers looking for an antidote to this season's political gloom will find more than the full dose in this splendid book.

Mr. Melloan was, of course, the writer of this column for many years, one of the labors in a career at the Journal that spanned 54 years as a reporter, editor and commentator. Among the benefits of a long career is a long memory and an imperviousness to intellectual fads. In Kipling's terms, he is one of the Gods of the Copybook Headings—the unfashionable keepers of hard truths about which we must occasionally be reminded.

In today's economy, the hard truth is that we can't spend, consume, manipulate and inflate our way to general prosperity—as opposed merely to the enrichment of Democratic Party interest groups. This was the dominant economic model of the 1970s, with results that were once well known. "The Great Money Binge" makes short work of the theory: "Demand-side economics holds that the economy derives its momentum from consumption, and it is of little moment if that consumption is financed by credit," he writes. "But if that were true, everyone could merrily use his credit card to supply his wants and never have to work. Maybe there's a logical flaw there somewhere."

The alternative is supply-side economics, which, for all the invective heaped upon it, boils down to the inescapable fact that "consumption must be paid for with production"—that if you don't work (i.e., produce) you die (i.e., can't consume). The obviousness of this is so manifest that the real wonder is how it has escaped the grasp of otherwise intellectually competent people.

Perhaps more interesting is how it *didn't* escape the grasp of Mr. Melloan, one of whose principal achievements was his role—along with Bob Bartley—in turning the Journal's editorial pages into the great disseminator of supply-side thinking. Mr. Melloan chalks it up to his background as the son of an Indiana yeoman farmer for whom there was nothing abstract about the words property, production and market. "We Journal editors were a rather proletarian lot to be promoting capitalism," he writes. "We were not the voice of big business, as our critics glibly called us at the time, but exponents of free-market capitalism, an economic system that allows any individual to build a business and compete with the big boys. The two things are definitely not the same."

The uncommon wisdom of George Melloan.

But what Mr. Melloan doesn't say is that he is also an heir to the antisophistic tradition of the Western philosophy—stretching from Socrates to Paul to William of Ockham to Jean-Baptiste Say to Karl Popper—that insisted that truth was more likely to be found in simplicity than complexity. No surprise, sophists of every age have attacked this tradition (sophistically) as "simplistic," and people like Mr. Melloan have had to endure it.

Monday, President Obama made the remarkable observation that "we can't continue to spend as if deficits don't have consequences, as if waste doesn't matter, as if the hard earned tax dollars of the American people can be treated like Monopoly money." Maybe he's finally learned, as Kipling taught,

That after this is accomplished, and the brave new world begins
When all men are paid for existing, and no man must pay for his sins,
As surely as Water will wet us, as surely as Fire will burn,
The Gods of the Copybook Headings with terror and slaughter return!

Then again, maybe the president finally got around to reading George Melloan.

Write to bstephens@wsj.com

Dark Matter Breakthrough?

By Lawrence Krauss

In early December, the Cold Dark Matter Search (CDMS) experiment located in the deep Soudan Mine in northern Minnesota leaked a tantalizing hint that they may have discovered something remarkable. The experiment is designed to directly detect new elementary particles that might make up the dark matter known to dominate our own Milky Way galaxy, all galaxies, and indeed all mass in the universe—so news of a possible breakthrough was thrilling.

The actual result? Two pulses were detected over the course of almost a year that might have been due to dark matter, CDMS announced on Dec. 17. However, there is a 25% chance that the pulses were actually caused by background radioactivity in and around the detector.

If these events are real, they will represent the culmination of one of the most incredible detective stories in the history of science. Beginning in the 1970s, evidence began to accumulate that there was much more mass out there than meets the eye. Scientists, mostly by observing the speed of rotation of our galaxy, estimated that there was perhaps 10 times as much dark matter as visible material. At around the same time, independent computer calculations following the possible gravitational formation of galaxies supported this idea. The calculations suggested that only some new type of material that didn't interact as normal matter does could account for the structures we see.

New evidence of the invisible matter that could make up 90% of the universe.

Meanwhile, in the field of elementary particle physics, my colleagues and I had concluded that in order to understand what we see, it is quite likely that a host of new elementary particles may exist at a scale beyond what accelerators at the time could detect.

Emboldened by all of these arguments, a brave set of experimentalists began to devise techniques by which they might observe such particles. This required building detectors deep underground, far from the reach of most cosmic rays that would overwhelm any sensitive detector, and in clean rooms with no radioactivity that could produce a false signal.

Alas, to celebrate now would be premature: The reported results are intriguing, but less than convincing. Yet if the two pulses observed last week are followed by more signals as bigger detectors turn on in the coming year or two, it will provide serious vindication of the power of human imagination. If, on the other hand, the events turn out to have been mere background radioactivity, physicists will not give up. It will only force us to be more clever and more energetic as we try to unravel nature's mysteries.

Mr. Krauss is director of the Origins Institute at Arizona State University.

OPINION

How Prepared Are We For Another Tsunami?

By Julian Hunt

It is now estimated by the United Nations that the devastating Indian Ocean Tsunami of Boxing Day 2004 killed around 187,000 people, with approximately 43,000 still missing. The tsunami was the largest in the Indian Ocean for more than 700 years, triggered by the fourth-largest earthquake in the world since 1900.

As well as the terrible human cost, the physical and environmental devastation wrought was truly massive, with the impact disproportionately felt by the poor. In Aceh alone, hundreds of thousands of homes were flattened, around 800 kilometers of coastline was destroyed, and approximately 3,000 hectares of land were washed away, taking roads, ports, bridges and other vital infrastructure with it.

Five years on, there remains much left to learn about tsunamis, but our understanding of their risks and how to reduce them through forecasting, warnings, and better tsunami-resistant construction and design has advanced considerably.

• *Warning systems.* One reason the Indian Ocean tsunami proved so catastrophic was the fact that warning systems in the region were virtually nonexistent. Since then, there has been progress in most aspects of warnings across the world, and the Indian Ocean itself now has a regional system in place.

The value of warning systems was underlined yet again this month when they were used very successfully after the Dec. 4 Samoa tsunami.

Reuters

What happens when we're not ready.

However, other countries around the world have not benefited in this same way. Warning systems tend to be more effective and reliable where natural hazards recur on a regular basis. Tsunamis are an example of an infrequent and variable type of secondary geophysical hazard, and thus warning systems are still not in place in all areas.

The further complication is that, even with a warning system in place, some communities close to epicenters still may not receive the relevant information in time. Indeed, had the current Indian Ocean warning system been in place in 2004, it may not have helped many of those who were earliest to be hit by the tsunami.

This is why 80% of tsunami casualties tend to occur before any official or technically based warning actually arrives, unlike the case of more slowly evolving and propagating hazards such as hurricanes or flood waves, which generally have limited numbers of casualties.

However, for more distant communities (e.g. the Kenyan fishermen community, where the tsunami arrived six hours after its initiation off Sumatra in December 2004), warnings can be communicated effectively. These warnings (which came through community groups, mobile phones and TV in Kenya) save many lives, as was shown most recently in Samoa. Research shows that the key is to distribute data quickly, openly and locally, so that it is available in the right form, at the right place and at the right time to prevent loss of life.

• *Forecasting.* The tsunami warning systems in the ocean, which are currently coordinated by the Intergovernmental Oceanographic Commission, are not integrated between countries. However, there will be discussions about enhanced exchange of the data and forecasts as warning systems become more reliable. This will place a premium upon better forecasting.

Although early indicators of tsunamis have been identified, this has usually been after the event, and these are still not reliable enough to be widely used. Certainly, the standard seismic models did not predict the December 2004 earthquake that caused the tsunami and might not have predicted other tsunami sources such as submarine landslides or volcanic eruptions.

Perhaps the most promising research for enhancing our predictive capability is holistic geophysical forecasting. This makes use of the fact that the sizes of tsunami-related disturbances are so large and so powerful that they disturb the solid earth, the oceans and the atmosphere. These disturbances do not just lead to mechanical forces and release of heat, as in storms, but they also affect electrical, magnetic and molecular processes, especially higher up in the atmosphere.

Modern instruments have become so sensitive that they can measure magnetic fields one millionth of the strength of the earth's magnetic field, so that tremors in the lithosphere can be detected long before large earthquakes and tsunamis actually occur. Research at the Geoelectromagentic Research Center in Moscow also confirms that the motions in tsunami waves, once initiated, can be detected over many hundreds of kilometers from distant measurements of weak, slowly changing magnetic fields.

• *Resilient infrastructure.* Even with better prediction and warnings, the Indian Ocean tsunami underlined the need for more resilient infrastructure and community planning. Since 2004, for instance, many people near coastlines in the region sleep at higher elevations to avoid surprise tsunamis at night.

Research is now leading to more ambitious solutions for building resilient infrastructures. At several research institutes, including Delft University of Technology, University College London, the University of Arizona, and HS Wallingford, work is under way to explain why, in December 2004 when the waves approached beaches, the sea retreated and then roared up the beach in a huge surge that drowned thousands of people and destroyed many buildings.

With specially constructed laboratory wave-makers, these events have been reproduced; but mathematical models and computations are now needed to turn the experiments into reliable estimates for engineers and for community planners to build tsunami proof-structures and plan more resilient communities. With global warming, these calculations also take account of the increasing danger as the sea level rises—which is happening three times faster in tropical seas where tsunami risk is greatest.

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Lord Hunt is a visiting professor at Delft University and former director-general of the U.K. Meteorological Office.

O Come O Come, Emanuel

[Main Street]

By William McGurn

'Twill be the night before Christmas when the Senate delivers the top item on White House Chief of Staff Rahm Emanuel's wish list: a health-care bill. But like the beautifully wrapped gift that looks so wonderful under the tree, this health-care legislation might start to look more like the ghastly sweater from your Aunt Tilly once it comes out of the box.

Give Majority Leader Harry Reid his due. Notwithstanding the grumblings about the way he did it, getting the 60 senators he needed to avoid a Republican filibuster was an achievement. Assuming the House and Senate work out their differences, Mr. Reid's Christmas gift tees up the president for a triumphant State of the Union come January.

On Monday, President Barack Obama gave us a preview when he took a little victory lap amid a jab at critics who are "continually carping" about big spending. The health-care vote, he said, is "a big victory for the American people."

Whether it's a "big victory" for the Democratic Party depends on whether you buy Mr. Emanuel's wager about 1994. The Emanuel Wager goes like this: It was the Democrats' failure in 1994 to pass a health-care bill that ushered in the Gingrich takeover of Congress. In his own meetings with Democrats, former President Bill Clinton has pressed the same line.

This was the message Mr. Emanuel delivered personally to Mr. Reid, when he urged him to cut a deal with holdout Joe Lieberman. This was the message the president echoed two days later in the West Wing, when he told Democrats that no piece of legislation would be perfect. And this appears to be the message embraced by Mr. Reid and House Speaker Nancy Pelosi, given their willingness to accept any amendment to get some health-care bill passed.

So here's the rub: Emanuel's Wager holds only if the merits of the legislation matter not at all.

That's a cynical view of politics. Of course, if you are Mr. Emanuel and you are looking across the table at senators such as Ben Nelson or Mary Landrieu, you can be forgiven for having your cynicism confirmed. Whether this same cynicism applies to the American people, however, is another question.

Here the signs should be less reassuring to Democrats. As polls have consistently shown, the more Americans learn about Democratic plans for health care, the more the opposition grows. Mr. Reid appreciates this dynamic, which is why he wrote his bill behind closed doors, when only Santa could have any real idea of who's earning a place on the naughty list.

Chad Crowe

If Mr. Emanuel is right, once health-care legislation is passed and Mr. Obama spins it as a huge victory, the American people will forget their objections and the Democrats will get credit for passing historic reform. If so, that will be some achievement. Because it means building on a health-care package supported by fewer than 38% of Americans (the RealClearPolitics poll average).

If the merits do matter, by contrast, passing this bill could prove more costly than failure. Mr. Obama has been unequivocal in his public statements. In his telling, this legislation will lower costs, reduce the deficit, help small businesses, maintain the status quo on abortion, offer Americans more choices, and so forth.

All these promises may look different when the details emerge, and we learn what change really means. If the president's promises do not hold up, all these Obama statements will be chopped into campaign ads that cut right to his credibility. As for his allies in the Senate, the 60 to 40 party-line vote to close debate means that every Democrat there can be held up as the deciding vote.

It's also unclear whether the traditional standbys for avoiding public accountability—e.g., hiding behind procedural votes—will fly this time. In the last few months, the American people have been watching. And they have learned a great deal about filibusters, manager's amendments, reconciliation, special Medicaid sweeteners for special states, etc.

So they are not likely to be fooled by a senator who tries to have it both ways: by voting to keep this bill alive when his or her vote could have stopped it (Monday morning's cloture vote), and then voting against it (the coming Christmas Eve vote) when passage was assured. Remember how well it worked for John Kerry in the 2004 campaign when his words explaining his votes on a supplemental to fund our troops were thrown back at him. Explained the then-presidential candidate: "I actually did vote for the $87 billion before I voted against it."

Mr. Emanuel was right to tell his fellow Democrats that the price of failure would be to make them all look weak. The question is whether there will be a larger price for looking arrogant.

Write to MainStreet@wsj.com

IN DEPTH

Fund boss scored big in market panic by betting on banks

David Tepper made $7 billion, among the largest one-year takes in recent years

Bryan Derballa for The Wall Street Journal

A resurgent market has helped David epper's firm, Appaloosa Management, gain about 120% after the firm's fees, through early December.

By Gregory Zuckerman

IN THIS COMEBACK year for investors, David Tepper may have scored one of the biggest paydays of all.

Mr. Tepper's hedge-fund firm has racked up about $7 billion of profit so far this year—with Mr. Tepper on track to earn more than $2.5 billion for himself, according to people familiar with the matter. That is among the largest one-year takes in recent years.

Behind the wins: a bet worth billions of dollars that America would avoid a repeat of the Great Depression.

Through February and March, Mr. Tepper scooped up beaten-down bank shares as many investors were running for the exits. Day after day, Mr. Tepper bought Bank of America Corp. shares, then trading below $3, and Citigroup Inc. preferred shares, when that stock was under $1. One of his investors insisted more carnage loomed. Friends who shared his bullish beliefs were wary of aping his moves amid speculation that the government was about to nationalize the big banks.

"I felt like I was alone," Mr. Tepper recalls. On some days, he says, "no one was even bidding."

The bets paid off. A resurgent market has helped Mr. Tepper's firm, Appaloosa Management, gain about 120% after the firm's fees, through early December. Thanks to those gains, Mr. Tepper, who specializes in the stocks and bonds of troubled companies, manages about $12 billion, a sum that makes Appaloosa one of the largest hedge funds in the world.

Mr. Tepper, whose office overlooks the parking lot of a Hilton hotel in Short Hills, N.J., across from an upscale mall, now is taking aim at a new target. He's purchased about $2 billion of beaten-down commercial mortgage-backed securities. Among his purchases are bonds backed by chunks of the debt of Peter Cooper Village & Stuyvesant Town and 666 Fifth Ave. in New York, two high-profile real-estate deals that have fallen in value over the past two years.

Some experts predict more bad news for commercial real estate—and say that if Mr. Tepper's move doesn't pan out, it could jeopardize a chunk of his recent gains. Mr. Tepper says he remains optimistic.

Hedge funds, once darlings of well-heeled investors, suffered dearly in 2008, dropping 19%. Nearly 1,500 funds, or 16% of the total, shuttered last year. This year, hedge funds are clawing back, with gains of 19% through November, on pace for their best annual gains in a decade, according to Hedge Fund Research Inc.

A handful of funds—including Everest Capital's emerging-market funds and the stock-focused Glenview Capital—have racked up fat gains this year. In sheer dollars, though, none appear to have come close to matching Appaloosa's winnings.

Mr. Tepper grew up in a middle-class neighborhood in Pittsburgh, the son of an accountant who worked seven days a week and once won a $715,000 lottery payout. In the late 1980s, he helped run junk-bond trading at Goldman Sachs. Mr. Tepper wears jeans and sneakers to work, and can be self-deprecating, playing down his successes. He claims to have popularized on Wall Street the phrase "it is what it is" to explain the need to adjust a portfolio if facts on the ground shift.

After he was repeatedly passed over for a partnership, Mr. Tepper left Goldman to start Appaloosa in 1993. By 2008, he had a track record of annual gains averaging about 30% and a net worth estimated at about $2 billion.

Mr. Tepper lives in a two-story home in New Jersey he bought in 1990 for $1.2 million. He recently purchased an ownership stake in the Pittsburgh Steelers football team, and flies to every home game. In 2004 he gave $55 million to Carnegie Mellon University's business school, his alma mater, which renamed itself the Tepper School of Business.

The husky, bespectacled trader laughs easily, but employees say he can quickly turn on them when he's angry. Mr. Tepper keeps a brass replica of a pair of testicles in a prominent spot on his desk, a present from former employees. He rubs the gift for luck during the trading day to get a laugh out of colleagues.

His biggest scores over the years have come from buying large chunks of out-of-favor investments. When Asian markets crumbled in 1997, Mr. Tepper added Korean stocks

IN DEPTH

Hedge-fund hits | How some funds have performed this year:

	SAC Capital	Appaloosa Management	Canyon Capital Advisors	Glenview Capital
MANAGER:	Steven Cohen	David Tepper	Josh Friedman (above) and Mitch Julis	Larry Robbins
SIZE:	$13B	12B	7.5B	4.5B
FLAGSHIP FUND PERFORMANCE:	2008 –19%; 2009 +26%	2008 –25%; 2009 +120%	2008 –28%; 2009 +56%	2008 –49%; 2009 +80%
ANALYSIS:	Once a fast trader, Mr. Cohen's bets now are somewhat longer term.	Scooping up financial and other investments pays off bigtime when markets rally.	Distressed-debt focused fund soars amid rebound in debt markets.	Stock-focused fund got clobbered in 2008, aiming for a big comeback this year.

Note: 2009 figures are as of November. Sources: Hedge Fund Research, Morningstar, investors
Photos: Associated Press (Cohen); Bryan Derballa for The Wall Street Journal (Tepper); Canyon Partners (Friedman); Bloomberg News (Robbins)

Hedge funds, once darlings of well-heeled investors, suffered dearly in 2008, dropping 19%. Nearly 1,500 funds, or 16% of the total, shuttered last year. This year, they are clawing back, with gains of 19% through November, on pace for their best annual gains in a decade.

to a portfolio laden with Russian debt. The moves led to hundreds of millions of dollars in profits when markets rebounded two years later. He scored big on junk bonds in 2003, and his 2007 wager on steel, coal and other resource companies paid off in 2008 when commodity prices soared.

But because he sometimes places more than half of his portfolio in a single trade idea, Mr. Tepper also is prone to brutal, abrupt losses.

That approach cost him more than $1 billion last year. In January 2008, Société Général SA trader Jérôme Kerviel was revealed to have lost €5 billion ($7.2 billion), one of the world's largest trading loss. Mr. Tepper sold large chunks of his holdings, fearing a market tumble. Prices held up, though, hurting Appaloosa. In the spring of last year, he turned bullish on large-company stocks and did some buying, but suffered as markets declined.

Mr. Tepper made a big wager on Delphi in 2006. But in April of last year he and a group of investors withdrew from a deal to inject as much as $2.6 billion in the bankrupt auto-parts supplier, sparking a nasty legal battle that was resolved this summer. Appaloosa lost almost $200 million on its investment in Delphi.

Mr. Tepper's largest fund dropped 25% for 2008, worse than the industry's 19% average decline.

"Investing with David is like flying, with hours of boredom followed by bouts of sheer terror," says Alan Shealy, a client of more than 18 years. "He's the quintessential opportunist, investing in any asset class, but you have to have a cast-iron stomach."

Mr. Tepper entered 2009 cautiously, with more than 30% of his firm's assets in cash, or more than $2 billion. He itched to do some buying. Mr. Tepper explains his investment philosophy with a line from Allan Meltzer, a professor at his alma mater: "Trees grow." In other words, growth is the natural state of economies, so optimism usually is rewarded.

On Feb. 10 of this year, Mr. Tepper read that the Treasury Department was introducing the so-called Financial Stability Plan. It included a commitment by the government to inject capital into banks by buying their preferred stock, or shares that carry less chance of reward but also less risk than common stock.

At the time, investors worried that the government ultimately would have to nationalize big banks. U.S. officials said they had no intention of such a move, which could wipe out common shareholders, but investors were dubious.

The news from the Treasury Department struck Mr. Tepper as proof that the government would stand behind the banks. He directed his traders to begin buying bank stock and debt.

Few investors were feeling as optimistic. The Dow Jones Industrial Average fell more than 382 points on the day Treasury Secretary Timothy Geithner introduced the plan, nearly 5%. Bank shares continued to tumble in the days that followed. Bank of America shares fell as low as $2.53 on Feb. 20. By March 5, Citigroup traded as low as 97 cents.

"This is ridiculous, it's nuts, nuts, nuts!" Mr. Tepper recalls saying to Michael Lukacs, one of his partners, on the firm's small trading floor. "Why would the government break its word? They're not going to let these banks go under, people aren't being logical!"

Mr. Tepper huddled with Mr. Lukacs and Jim Bolin, another top Appaloosa executive. Mr. Tepper insisted that stimulus spending and low interest rates would boost the economy. He said he estimated there was only a 20% chance that the U.S. would nationalize banks such as Citigroup.

Mr. Bolin, who people at the firm say tends to be more conservative than Mr. Tepper, was bullish about banks, but still thought it safer to stick to bank debt than to riskier shares. Mr. Tepper says he listened to the arguments, but said it was time to place a big bet.

Over several weeks, Mr. Tepper's team bought a variety of bank investments, including debt, preferred shares and common shares. Just months earlier, the government had injected billions of dollars to keep companies such as American International Group Inc. going, much as they were now doing with the banks. But that didn't prevent shares of those companies from tumbling.

At one point in March, the firm was down about 10% for the year, or about $600 million. Mr. Tepper got on the phone to make more trades, something he often left to subordinates. This time, he wanted to talk directly to Wall Street brokers to test how bad things really were.

The answer: really bad. Mr. Tepper says he was told that he was the only big investor doing much buying.

"Clients were nervous that the game had changed and capitalism wouldn't be the same. There was real fear," recalls Timothy Ghriskey, chief investment officer at Solaris Asset Management, a $2 billion investment firm, who says he only bought a small amount of bank shares during this period.

One day in late winter, Mr. Tepper heard from a skeptical client of his own, Mr. Shealy.

"This thing is far from over," Mr. Shealy recalls saying, referring to the bank problems. Still, Mr. Shealy, who runs an investment firm in Boise, Idaho, stuck with Mr. Tepper. "I figured the positions were fairly liquid, so if he was wrong, he would get out."

Bryan Derballa for The Wall Street Journal

Football helmets adorn the office of Mr. Tepper, who purchased a part of the Pittsburgh Steelers franchise.

Mr. Tepper hadn't paid his investors' nerves much heed since 2000. That year, he bet that the tech-heavy Nasdaq index would fall. But so many investors complained that Mr. Tepper was straying from his roots in debt investing that he canceled his bets. When the Nasdaq collapsed months later, Mr. Tepper fumed.

By late March of 2009, Citigroup shares had tripled, and Mr. Tepper's other holdings, including junk bonds, were rising. He and his team bought more, spending more than $1 billion, when various banks conducted share sales. Mr. Tepper says his average cost for shares of Citigroup was 79 cents; for Bank of America it was $3.72.

At one point in the summer, Mr. Tepper had recorded about $1 billion of profits in shares of just Citigroup and Bank of America, and his overall gains soared past $4.5 billion, or 70%, since January.

After Mr. Bolin, the Appaloosa executive, urged caution, Mr. Tepper did some selling to lock in gains. But the firm remains a big holder of both Bank of America and Citigroup shares, which now trade at $15.03 and $3.40, respectively.

Mr. Tepper remains upbeat. He says he expects interest rates to stay low, and argues that stocks and bonds are reasonably priced.

This belief is driving another risky bet. At the end of each quarter this year, Mr. Tepper noticed that investors were dumping holdings of troubled bonds backed by commercial properties. He had never dabbled in these investments, but he and his 10-person team did some research and judged them attractive, with some seemingly safe debt trading at yields above 15%.

Mr. Tepper slowly spent more than $1 billion to gain ownership of between 10% and 20% of highly rated slices of commercial mortgage-backed securities, or CMBS. He focused on debt backed by loans of properties including Stuyvesant Town and 666 Fifth Ave. in New York.

His bet: If the economy improves, he'll earn hefty interest payments on the bonds. But if the properties can't make their payments, Mr. Tepper believes he owns so much of the debt that he'll have a big say in how the properties get restructured. That means he could ultimately end up ahead.

He's taking a big risk, some analysts warn. The value of commercial real estate continues to fall. Owners of debt classes don't always have much power to influence a commercial real-estate restructuring. And because the debt of these big properties was carved into many pieces, and many investors are involved, any battle for control will be complicated.

Mr. Tepper says the worrywarts have it wrong: "If you think the economy will be fine, as we do, then we're going to do very well."

FROM PAGE ONE

Going back in time | Vietnam's backslide to harsher repression

1975

The Vietnam war ends with the U.S. retreat from Saigon.

1986

Vietnam begins a series of reforms to open up its economy. Known as the "doi moi," or renovation policy, Vietnam encourages the creation of private enterprises.

2000

Vietnam signs a Bilateral Trade Agreement with the U.S., accelerating Vietnam's transformation into a manufacturing and export-driven economy.

2005

Zen Buddhist monk Thich Nhat Hanh is invited to open a monastery in Vietnam after years in exile, signaling a greater tolerance on the part of Vietnamese authorities for religious freedom.

2006

Nguyen Tan Dung, a noted economic reformer, is appointed prime minister and helps push through Vietnam's entry into the World Trade Organization.

2007

Vietnam formally enters the World Trade Organization and foreign investment accelerates further. Roman Catholic priest Nguyen Van Lyis convicted and sentenced to eight years for calling for democracy and allegedly spreading propaganda against the state.

2008

Vietnam's economic boom begins to overheat, with inflation spiking to 28% in August. Conservative members of the ruling Politburo begin clamping down on open criticism of government policies.

April 19: Popular antigovernment blogger Nguyen Hoang Hai is arrested and charged with tax fraud in a move widely perceived as an attempt to discourage criticism of the government. He is sentenced to 2½ years in prison.

September: U.S. investment bank Lehman Brothers collapses, triggering a world-wide economic slump. Vietnam's exports tumble, worsening its trade deficit and putting the country's currency under pressure.

September 11 to 18: Novelist Nguyen Xuan Nghia and high-school teacher Vu Hung are arrested for allegedly calling for multiparty democracy. Human Rights Watch reports that both men were beaten in detention.

Agence France-Presse

Taken from television, this picture shows a security man covering the mouth of the dissident Catholic priest Nguyen Van Ly after he yelled "Communist court!" during his trial in Hue, Vietnam, in 2007.

2009

January: Communist Party propaganda chief To Huy Rua is elevated to the Politburo in what many analysts say is a sign of the growing conservatism in the ruling regime.

May: Vietnam's government say it is pressing ahead with plans for Chinese investors to mine aluminum ore in Vietnam's Central Highlands, despite mounting opposition from nationalists and dissidents.

June 13: Police arrest prominent human-rights lawyer Le Cong Dinh and accuse him of "conducting propaganda against the government."

October 7 to 9: Nine people, including the teacher Mr. Hung and the writer Mr. Nghia, are sentenced two to six years for calling for pro-democracy protests. Several bloggers also are detained for criticizing the government; many are released after promising to stop.

November: Internet users in Vietnam report that Web sites such as Facebook and Twitter have been blocked.

In Vietnam, downturn spurs controls

Continued from first page

any grassroots clamor for more freedom.

Now, the price-control unit of Vietnam's Finance Ministry is drafting proposals that, if implemented by the government, would compel private and foreign-owned companies to report pricing structures, according to documents viewed by The Wall Street Journal and corroborated by Vietnamese officials.

In some cases, the proposed rules would allow the government to set prices on a wide range of privately made or imported goods, including petroleum products, fertilizers and milk to help contain inflation as Vietnam continues pumping money into its volatile economy. Typically, the government applies this kind of aggressive measure only to state-owned businesses, and it is unclear whether Vietnam will write the wider rules into law.

Myron Brilliant, senior vice president for international affairs at the U.S. Chamber of Commerce in Washington, wrote to Vietnamese officials, in a Dec. 15 letter viewed by The Wall Street Journal, saying the plan will "serve as a disincentive to new direct investment in Vietnam."

Vietnamese citizens, meanwhile, are having to give up some political and social freedoms they previously enjoyed, as their Communist leaders struggle with a series of currency devaluations and a worsening inflation problem.

Diplomats are raising their voices over Internet curbs. "This isn't about teenagers chatting online," U.S. Ambassador Michalak told a donor conference on Dec. 3. "It's a question of people's rights to communicate with one another and to do business."

Swedish Ambassador Rolf Bergman, speaking on behalf of the European Union at the same conference, urged Vietnam "to lift all restrictions on the Internet."

Vietnamese government officials didn't respond to requests for comment, except to confirm the existence of the draft price-control plans.

Emerging economies have reversed course during times of crisis before. In Vietnam's neighborhood, both Malaysia and Thailand have used capital controls to stabilize currencies, while unexpected legal rulings are a frequent hazard to doing business in countries such as Indonesia and the Philippines.

Vietnam, a country of 86 million, was considered by many economists to be a surer bet with less political risk. Analysts called it "the new China," and major global names from America, Japan, and South Korea—including U.S. corporations such as Ford Motor Co., Microsoft Corp. and Intel Corp.—were among those who set up operations there.

Many economists and analysts say the country's leaders are panicking over how quickly Vietnam is lurching from boom to bust and back again, and are taking drastic measures—politically and economically—to restore their grip on the country. The country's recent economic ups and downs have, says one long-time Vietnam-based analyst, "shaken the authorities' confidence in the notion that economic reform and opening is automatically good."

The World Bank expects Vietnam's economy to expand 5.5% in 2009. That's a much better performance than many of its neighbors. Economists such as Ayumi Konishi, the Asian Development Bank's country director for Vietnam, say the country's long-term prospects are still rosy.

But the World Bank's growth forecast is weaker than the 8%-plus rates that Vietnam has come to depend on. Widening trade and budget deficits have forced the government to devalue its currency three times since June 2008, most recently in November, when it shaved 5% off the value of the Vietnamese dong. That move spurred fears of rising inflation, prompting a scramble among many Vietnamese to store their wealth in gold or dollars instead.

The biggest losers in Vietnam's step back into the past, are the country's dissidents, journalists and bloggers. Several bloggers and activists were detained for writing comments critical of Vietnam's encouragement of Chinese companies to mine for aluminum ore in the country's central highlands region. Some detainees were released after promising not to raise political issues again, but lawyer Le Cong Dinh was arrested in June for defending antigovernment activists.

Six people were sentenced on Oct. 9 for allegedly "conducting propaganda against the state" for demanding multiparty elections online and through public gestures, such as hanging banners on bridges. They included a prominent novelist, Nguyen Xuan Nghia.

On Oct 7, three other people were jailed for the same offense—something the U.S. embassy in a statement said it found "deeply disturbing."

U.S. investigates cyber attack on Citigroup unit

Continued from first page

broke into a U.S. unit of Royal Bank of Scotland in 2008 and stole $9 million from ATMs in 280 cities world-wide in a matter of hours. RBS cooperated with investigators and ensured that its customers were reimbursed.

Losses to online crime of all types exceeded $260 million in the U.S. last year, the FBI estimates. Attacks on corporations are "at an epidemic level," former White House cyber-security director Melissa Hathaway said recently.

U.S. banks have generally been loath to disclose computer attacks for fear of scaring off customers. In part this is an outgrowth of an experience Citibank had in 1994, when it revealed that a Russian hacker had stolen more than $10 million from customer accounts. Competitors swooped in to try to steal the bank's largest depositors. Citibank said at the time that it was able to recover most of the money and that the attack didn't put customer funds at risk.

The new attack targeting Citibank highlights the growing sophistication and threat posed by overseas criminal networks. "There were a couple of days of struggling," said one person familiar with the attack. "There were some sophisticated elements that made it hard to block."

Among weapons the hackers used, according to people familiar with the case, was a small army of infected computers commanded by software called Black Energy. Hackers use Black Energy primarily to block access to Web sites. Somebody used it during Russia's brief 2008 war with Georgia to shut down Georgian government and bank Web sites. Someone also used it in 2007 to block government and bank Web sites in Estonia and to attack the Web site of a political foe of Vladimir Putin, then Russia's president and now its prime minister.

Black Energy was written by a Russian hacker who goes by the name Cr4sh, said Joe Stewart, a researcher for SecureWorks, a computer-security company. The software sells online for $40, according to Jose Nazario, a manager at Arbor Networks, which analyzes computer threats.

Black Energy can be upgraded to invade computer systems and snatch data. DigitalStakeout, a firm that monitors cyber attacks, found in April that Black Energy was being used with a tool that steals bank-account log-on information. The combination was being sold online for $700 as a package called the YES Exploit System, said DigitalStakeout's chief executive, Adam Mikrut.

Over the summer, Mr. Stewart said, he discovered that Cr4sh had developed a new version of Black Energy with an added feature that steals banking credentials. In the Citi attack, the software included a tailor-made feature designed to attack the bank, according to two people familiar with the incursion. The thieves stole an estimated tens of millions of dollars, according to three people familiar with the matter. It remains under investigation, and whether any of the money has been recovered couldn't be learned.

The migration of payments to the Internet, in combination with new bank systems that settle transactions the same day, "has enabled bank heists to occur in seconds from thousands of miles away," said Tom Kellermann, a former World Bank cyber-security official and now an executive at Core Security Technologies.

Robert Blanchard, co-owner of Bridge Metal Industries, a lighting company in Mount Vernon, N.Y., can attest to that. At 3 a.m. on July 6, Mr. Blanchard tried to log on to his company's Citibank account but couldn't do so with his regular password and token code. He says he called Citibank and was told it would change his password and send him a new one by overnight mail. "I thought at that point I was safe," he says.

But he still couldn't get in. By the time he called his local bank branch to sort out the problem, he says, online thieves had sent $1,007,655 to banks in Latvia and Ukraine. "Even the bank can't act as quickly as these guys," Mr. Blanchard says.

It isn't clear whether the incident was part of the larger attack on Citibank.

Asked about the Blanchard case, Citigroup said: "While we do not discuss customer details, the individual case described was an isolated incident of fraud. Consistent with legal requirements, our customers are not liable for any unauthorized use of their accounts."

—David Enrich contributed to this article.

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Wednesday, December 23, 2009 THE WALL STREET JOURNAL. asia.WSJ.com

Yen declines to 7-week low against dollar

By Miho Nakauchi

The yen hit a seven-week low against the U.S. dollar Tuesday, as rising long-term U.S. interest rates prompted hedge funds to buy the higher-yielding currency.

A happy sign

■ The record gap in Treasury yields signals investor optimism 23

The dollar also got a boost from better-than-expected U.S. home-sales figures, which led some investors to believe the Federal Reserve could raise rates sooner than previously thought.

Late morning in New York, the dollar was buying 91.75 yen, the highest level since Oct. 28, up from 91.17 yen Monday.

CURRENCY MARKETS

The rise offered fresh good news for Japan's big exporters, which see profits threatened when the yen rises. **Toyota Motor** Corp. saw its shares rise 2.2% Tuesday, while **Sony** Corp. rose 2.7% and **Nissan Motor** Co. surged 6.1%.

The yield on the benchmark 10-year U.S. Treasury note, which moves inversely with prices, rose to a four-month high of 3.702% in early Tokyo hours. That prompted U.S. hedge funds to adjust their portfolios by buying high-yielding currencies like the dollar and euro, dealers said. Later Tuesday in New York, the 10-year Treasury yield continued to climb, hitting 3.746% by midday.

Meanwhile, Bank of Japan Gov. Masaaki Shirakawa confirmed that Japanese interest rates would remain near zero.

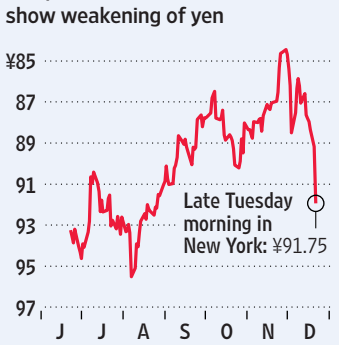
"Stop-loss [buying] orders were triggered above 91 yen by U.S. hedge funds," said Hiroshi Maeba, a senior trader at Nomura Securities. "The impact of each trade was magnified amid extremely thin market conditions, as many players are away for the Christmas holidays."

The dollar hit intraday highs against the euro and yen directly af-

Please turn to page 28

Heading down, for now

Yen per dollar; scale inverted to show weakening of yen



Source: Thomson Reuters via WSJ Market Data Group

Tokyo pressures JAL on cuts

Looking for retiree concessions, ministers say restructuring loans may not be guaranteed

By Yoshio Takahashi

TOKYO—Top Japanese government officials indicated Tuesday that the government might not guarantee loans to **Japan Airlines** Corp., in comments that could put pressure on the airline's retirees to accept reduced benefits as part of its restructuring.

But while Finance Minister Hirohisa Fujii said at a news conference that the government has no plans to provide the guarantees in its budget for the next fiscal year, Transport Minister Seiji Maehara emphasized that Tokyo will continue to support JAL's rebuilding.

Mr. Maehara said the government may still guarantee loans indirectly. Loans from state-backed agencies, including those already extended, could be regarded as guaranteed by the government, he said.

Still, without the guarantee, JAL might have trouble raising more funds from private banks and might have to rework its fund-raising plan, some analysts said.

The uncertainty Tuesday marks the latest chapter in the drawn-out efforts to restructure the unprofitable carrier. **Delta Air Lines** Inc. and **AMR** Corp.'s American Airlines are battling to cement a partnership with JAL to gain access to its lucrative network of flights to Asia.

Mr. Fujii has repeatedly cautioned in the past few weeks that the government wouldn't provide the guarantees unless JAL reduces its retirees' benefits, as the government isn't happy about the possibility that public money could be used to pay such allowances.

Bloomberg News

Finance Minister Hirohisa Fujii has pressed for JAL to reduce retiree benefits.

A survey released last week by the carrier showed that the number of JAL retirees who agreed to the airline's proposal to reduce their benefits fell slightly short of the more than two-third ratio needed to change its corporate pension system under the current law. JAL is asking its retirees to accept a 30% reduction in their benefits.

Asked Tuesday whether the government might not set aside loan guarantees for JAL in its budget, Mr. Fujii said: "It is heading in that direction."

At a separate news conference, Mr. Maehara said that some members of the Japanese Cabinet believe loans extended to JAL by state-backed Development Bank of Japan could be regarded as guarantees from the government.

If quasi-government investment fund Enterprise Turnaround Initiative Corp. decides to assist JAL's revival, financial support given by the ETIC could also be considered a government guarantee, he added. "Discussions are under way from a broad perspective," he said.

Takahiko Kishi, an analyst at Mizuho Investors Securities, said the officials' remarks may represent "a warning on JAL's pension." The retirees have started voting on the reduction benefits this week and the vote will end on Jan. 12.

In response to the government officials' comments, a JAL spokesman said the airline can only say that it wants to focus on drafting revamp measures so that it can get assistance from the ETIC.

The ETIC is now assessing JAL's assets to gauge what level of support it will have to provide and will make a decision next month.

JAL last month obtained a credit line of up to 100 billion yen ($1.1 billion) from Development Bank of Japan, as part of the 125 billion yen it says it needs for the rest of the fiscal year ending March 31.

Hynix anticipates a chip rebound

By Jung-Ah Lee

SEOUL—**Hynix Semiconductor** Inc. expects to be profitable next year after posting huge losses early this year, in an indication that an industry downturn is ending and the memory-chip business is poised for a recovery.

Kim Jong-kap, chief executive of the world's second-largest maker of computer-memory chips by revenue after Samsung Electronics Co., said in an interview late Monday that he expects a global shortage next year of dynamic random access memory chips, a crucial component for personal computers.

The DRAM industry is getting a boost from rising chip prices and a rebound in demand for PCs. The turnaround comes after weak capital investment over the past two years and the launch of Microsoft Corp.'s Windows 7 operating system, which is driving a PC-replacement cycle.

"December this year is the only month ever where contract DRAM prices haven't fallen from November," Mr. Kim said. "Global demand for personal computers next year will likely increase 10%, and in that sense the industry outlook is expected to remain solid."

Making a circuit

DRAM-chip (one-gigabit DDR2-667) spot prices

Sources: DRAMeXchange; Bloomberg News (photo)

Pictured, Kim Jong-kap, chairman and CEO of Hynix Semiconductor

Hynix nearly collapsed under the weight of its debt after chip prices plunged in 2001. It was bailed out by its creditor banks, which became the company's shareholders.

Creditors, including Korea Exchange Bank and Korea Development Bank, are now looking to sell all or part of their 28% stake.

Mr. Kim said the chip industry has gone through its worst-ever downturn in the past three years, which caused some chip makers to stay away from investments to upgrade technology. After remaining in the red for the past seven consecutive quarters, Hynix posted a third-quarter net profit of 246.3 billion South Korean won (US$208 million).

Given improving market conditions, Hynix is considering revising up its capital-expenditure budget for next year to about 2.3 trillion won to speed up more advanced chips and to expand an existing production line for NAND flash chips used in music players and digital cameras. The company also plans to double its NAND flash output.

Mr. Kim also said Hynix's global market share for both DRAM and NAND flash chips may slightly increase next year. He didn't provide specific figures. As of the third quarter, Hynix's global DRAM market share was 21.8%, trailing market leader Samsung, which had 35.7% of the market. In NAND flash, Hynix's market share was 10.1%, behind Samsung's 38.1% and Toshiba Corp.'s 36.3%, according to market-research firm iSuppli Corp.

Yam to join China think tank

HONG KONG—Former Hong Kong Monetary Authority Chief Executive Joseph Yam has been named executive vice chairman of the China Society for Finance and Banking, a think tank backed by the People's Bank of China.

Mr. Yam, who retired as head of Hong Kong's de facto central bank in September, said Tuesday at a forum in Beijing co-organized by the think tank that he hopes to contribute to the development of China's financial sector using his experience at the monetary authority.

He said after his speech that he isn't being paid for his services at the think tank, whose chairman is PBOC Gov. Zhou Xiaochuan.

Mr. Yam, 61 years old, headed the Hong Kong Monetary Authority since it was founded in 1993.

He is credited with maintaining the Hong Kong currency's peg to the U.S. dollar.

Media reports in China earlier this year had said Mr. Yam would become an adviser to the People's Bank of China after he left the monetary authority.

—Chester Yung

Bloomberg News

Joseph Yam, who was tapped to become vice chairman of the China Society for Finance and Banking, said he hopes to contribute to the development of China's financial sector using his experience at the Hong Kong Monetary Authority.

U.S. fines spur AstraZeneca to police marketing

By Jeanne Whalen

U.S. government fines have made big pharmaceutical companies "more sensitive than we've ever been" about preventing illegal promotion of their drugs, the chief executive of **AstraZeneca** PLC said in an interview.

AstraZeneca in September reached a preliminary agreement to pay $520 million to settle a U.S. investigation into its marketing of the schizophrenia drug Seroquel, including allegations that the company promoted the drug for uses for which it isn't approved by the Food and Drug Administration. This practice, called "off-label marketing," is illegal.

AstraZeneca officials have declined to say whether the company will admit wrongdoing as part of the settlement, the terms of which are still under discussion.

In an interview in London, Chief Executive Officer David Brennan said: "We don't promote products off-label."

But he said off-label marketing has become "a much bigger issue in the last few years as a result of the government's position on this."

"If you go back ten years in this industry, this was not an issue. I mean, we trained our people not to promote off-label...so it's always been sensitive. But now, it's even more sensitive because we're paying fines," he said.

The government "investigated this stuff, and they've said, 'We don't like the way you guys did this.' So we're more sensitive than we've ever been," he added.

Last year, AstraZeneca took a number of steps to strengthen its ethics training for employees, including introducing a new "openness" program designed to encourage staff to report alleged ethics violations, a company spokeswoman said.

A number of drug companies, including **Pfizer** Inc. and **Eli Lilly** & Co., have reached large settlements in recent months with U.S. investigators over marketing practices.

Seroquel had global sales of $4.5 billion last year, making it one of AstraZeneca's top products. It was first approved for sale in the U.S. in 1997 for treating symptoms of psychotic disorders. In 2001, it was approved as a schizophrenia treatment. The FDA extended its use in 2004 to bipolar mania and in 2006 to bipolar disorder. This month the FDA approved its use in children and adolescents.

Doctors are free to prescribe drugs any way they see fit, but drug makers aren't allowed to promote them for unapproved uses.

Controversy has long dogged Seroquel.

AstraZeneca is facing thousands of lawsuits filed by patients who allege that Seroquel caused them to develop health problems including diabetes.

Earlier this year, lawyers representing those plaintiffs released documents that they said showed that AstraZeneca executives discussed promoting the drug for unapproved uses.

The documents cited plans to "broaden Seroquel use on and off-label," including among adolescents and patients with Parkinson's and Alzheimer's disease, at medical meetings, in sales calls and with patient-advocacy groups.

An AstraZeneca public-relations plan dated 2001 said a company objective was to "encourage and support" Seroquel's "use outside schizophrenia into a broad range of other patient populations including bipolar disorder and the elderly." It also said there needed to be "aggressive market penetration" among adolescents, the elderly, patients with bipolar disorder and other groups for Seroquel to grow faster than rivals.

Asked about these documents, Mr. Brennan said: "There were a wide variety of documents. Stuff that said we don't promote off-label. Others that said different things. You know, that's just the nature of how business runs over ten or twenty years."

He added: "There's millions of documents floating around. I don't have any particular comment" on individual documents.

Alcoa, Saudis to jump-start aluminum mill

By Mohammed Aly Sergie And Andrea Hotter

RIYADH, Saudi Arabia—**Alcoa** Inc. said it plans to invest in a big aluminum-production complex with the Saudi government, putting the $10.8 billion project back on track.

Alcoa, the largest aluminum maker in the U.S. by output, will control 40% of a joint venture in which **Saudi Arabian Mining** Co., better known as Maaden, will own the rest.

The complex is expected to include a bauxite mine with an initial capacity of four million metric tons a year, an alumina refinery with an initial capacity of 1.8 million metric tons a year, an aluminum smelter and a rolling mill. The mill at first will focus on aluminum cans and perhaps construction products.

Alcoa's portion of the joint venture will comprise an investment partnership in which Alcoa will own 20% and regional partners will provide financing for the remaining 20%. The Pittsburgh-based aluminum maker said its share of the project is $2.2 billion.

Alcoa, hurt by sliding aluminum prices and declining demand, has been cutting costs and shutting plants. To better match **UC Rusal** and **Rio Tinto**, Alcoa has been investing in new lower-cost operations, its most recent on the Amazon River in Brazil.

The Saudi complex will be "a model for the growth of aluminum in competition with other metals and is designed with the potential for future expansion," Alcoa's Chief Executive Klaus Kleinfeld said.

The project stalled last year after Rio Tinto's aluminum unit said it couldn't finance its 49% stake because of the global recession.

The first output from the smelter and rolling mill is anticipated for 2013. Initial production from the mine and refinery is expected for a year later. Alcoa said it will arrange the supply of alumina to the smelter from outside Saudi Arabia until the project's refinery is operating.

Maaden Chairman Abdullah Saif Al-Saif said the Saudi government's investment in critical national infrastructure was a catalyst for the aluminum complex. Maaden was set up in 1997 to diversify Saudi Arabia's economy away from petrochemicals.

INDEX TO BUSINESSES AND PEOPLE

Businesses

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Corrections & Amplifications

The 1950s represented the best decade for stock-market returns. Monday's Abreast of the Market incorrectly stated that the best decade was the 1990s.

Reuters

Malaysia Air says that by 2016 it expects to have one of the youngest and most fuel-efficient fleets in Asia.

Malaysian Air agrees to buy Airbus jets

Carrier will issue $777 million in new shares to help fund the purchase and repay debt

By Elffie Chew

KUALA LUMPUR—**Malaysian Airline System** Bhd. Tuesday agreed to purchase up to 25 new Airbus A330-300 widebody aircraft with a list price of $5 billion, funded partly by a $777 million rights offering.

The national carrier's chief executive, Azmil Zahruddin, said the agreement is for 15 firm orders and an option for a further 10 planes.

The company also said it plans to raise 2.67 billion Malaysian ringgit ($777 million) in a rights issue to purchase the aircraft, repay debt and to meet working capital requirements.

Mr. Azmil said the one-for-one rights issue, to be priced at 1.60 ringgit each, is expected to be completed in the first quarter.

The airline's shares, which were halted Tuesday, last traded at 3.05 ringgit.

The airline said that the planes will be delivered between 2011 and 2016. The new planes will be financed via borrowings and the rights issue, and will be used to replace older widebody aircraft, as well as to add new capacity, Mr. Azmil said.

They will serve the growing markets of South Asia, China, North Asia, Australia and Middle East, he added.

Airbus senior vice-president for sales and customer affairs Asia, Thomas Friedberger, said the more fuel-efficient aircraft will lower the airline's operating costs. Airbus is a unit of **European Aeronautic Defence & Space** Co.

Mr. Azmil also said Airbus will compensate Malaysian Air with over 300 million ringgit for the late delivery of its A380 super jumbo aircraft. The first plane, which was scheduled for delivery in January 2011, will now be delivered eight months late in August 2011.

The airline said that when it receives the 15 A330-300 aircraft, it expects to gain savings of 300 million ringgit a year due to lower fuel and operating costs.

"By 2016, all the aircraft we have ordered will be in and we expect to have one of the youngest, most fuel efficient and environmentally friendly fleets in Asia," Mr. Azmil said.

Separately, the airline said that it has signed agreements with Penerbangan Malaysia to take over its parent company's current order for six A380s as well as two **Boeing** Co. 777 and two 747 aircraft for 3.19 billion ringgit.

Mr. Azmil added that the carrier plans to start owning more of its fleet. Currently, most of the airline's planes are leased from parent Penerbangan Malaysia.

Nufarm weighs lower takeover offer from Sinochem

By Ray Brindal

CANBERRA, Australia — **Sinochem** Corp. of China has cut its proposed takeover offer for **Nufarm** Ltd. to 12 Australian dollars a share from A$13, valuing the global crop chemical company at A$2.62 billion ($2.31 billion).

Australia-based Nufarm said Tuesday it will consider all of its options and seek clarification from Sinochem on the conditions of the revised offer before deciding whether to recommend it to shareholders. Nufarm called a trading halt on its shares until Dec. 29.

Nufarm Chairman Kerry Hoggard said the company is disappointed that Chinese state-owned Sinochem hasn't proceeded with the proposed purchase at the previously agreed-upon price.

"The Nufarm board has strong confidence in the future growth and success of the company and isn't prepared to support a proposal that undervalues the business," he said in a statement.

Sinochem declined to comment other than to confirm the revised A$12 offer.

A person familiar with the progress of the talks, which began midyear, said the lower bid price reflects what Sinochem found as a result of its studies of Nufarm's financial position, Nufarm's report for its last fiscal year and its outlook for this year ending July 31.

Bloomberg News

Nufarm chemical products at the company's headquarters, outside of Melbourne, Australia.

The result of all the work and study the Sinochem team has done since midyear points to some difficulty in assessing earnings for this fiscal year, the person said.

Nufarm's net profit fell 42% from a year earlier to A$79.9 million last fiscal year as it wrote down the value of its herbicide glyphosate inventory.

Excluding extraordinary items, its profit fell 2.6% from a year earlier to A$159.6 million.

Nufarm said at its annual shareholder meeting on Dec. 3 it expects its profit for the six months ending Jan. 31 to be lower than the year-earlier period, although its operating result, which excludes one-time items, for the full fiscal year should be up.

Sinochem is the largest integrated agriculture-input conglomerate in China and supplies farm chemicals, fertilizers, crop protection and seeds in China.

The purchase of Nufarm would create a global-scale company, given Nufarm's operations in the Americas, Europe and Asia.

Nufarm and Chinese state-owned Sinochem agreed Sept. 27 on a nonbinding proposal for Sinochem to buy all of Nufarm's shares for A$13 each.

Nufarm on Dec. 1 agreed to an extension of talks to Dec. 23 after Sinochem raised some issues following its due-diligence process.

Nufarm agreed to the extension on the basis that if Sinochem confirmed its intentions to proceed, it did so at the previously agreed indicative price of A$13 a share.

Nakheel investor is undaunted

By Dania Saadi

DUBAI—A German investor is shrugging off Dubai's real-estate slump and seeking funding to complete a 3.1 billion U.A.E. dirham ($846.6 million) project to build luxury housing on six reclaimed islands in the Persian Gulf.

The "Heart of Europe" islands would be part of what is known as the World project, a follow-up to Dubai property developer **Nakheel**'s nearby palm island, another reclamation and real-estate project that was completed in 2007, becoming the world's largest man-made island. If completed, the World would involve the reclamation of an archipelago of 300 islands, a minireplica of the Earth's major land masses.

Dubai-based **Kleindienst Group** said Monday it plans to move ahead with the Heart of Europe, but needs to raise 70% of the cost of development.

"From 2012 onwards, funding is needed to complete this project," Josef Kleindienst, the company's chief executive, said at the official launch of the project, which took place on the island named Germany.

Mr. Kleindienst said he was forging ahead, even as Nakheel's parent company, **Dubai World**, failed on Monday to reach an agreement with its creditors to restructure about $22 billion of debt.

About 90 international and local lenders met with Dubai World officials and its restructuring team, led by Deloitte's Aidan Birkett, after the company's announcement Nov. 25 that it needs to freeze its debts for six months sent global markets tumbling.

Nakheel is repaying a $3.52 billion Islamic bond that was due on Dec. 14, averting a default, after neighboring Abu Dhabi stepped in with a $10 billion bailout this month.

Mr. Kleindienst, who invested most of the money the company made in the Dubai real-estate industry in the World project, shrugged off Nakheel and Dubai World's financial troubles, saying he remained confident in Dubai's real-estate market, which has dropped about 50% in value this year.

"The repayment of the sukuk speaks a very clear language for us," Mr. Kleindienst said. "Nakheel is Dubai and we are very confident in Dubai."

Dubai World, one of the city's flagship government-linked companies, amassed almost $60 billion in liabilities as it helped turn the city-state into a tourism and financial hub, boasting man-made islands and luxurious hotels. Dubai's ruler, Sheik Mohammed Bin Rashid Al Maktoum, started the World project in 2003 as part of several initiatives that have since struggled to take off.

Mr. Kleindienst said three customers have bought plots from the island of Germany for 300 dirhams per square foot, after the company finished paying for the island and secured ownership.

"The island is fully paid for and that means 100% ownership and a title deed is issued to us," Mr. Kleindienst said. "The land department will issue a title deed to customers who will purchase a villa here. This is the highest security you can offer your customer."

The company expects to fully pay for two more islands in 2010 and complete the projects by 2015.

CORPORATE NEWS

Storm creates a holiday cliffhanger

After bad weather disrupts a crucial weekend, stores in the U.S. hope last-minute shoppers salvage the season

By Elizabeth Holmes

The storm that battered the East Coast of the U.S. over the weekend pushed already-delayed holiday shoppers even later, leaving retailers still uncertain about how well the season will end up.

More than 40% of consumers still have holiday shopping left to do, nearly double the share of a year ago and the highest in 10 years, according to a survey taken over the weekend and released Monday by America's Research Group and UBS Investment Research.

Some of that holdout shopper base is because of the severe weather in the Northeast. The conditions cost retailers an estimated $2 billion in sales, according to weather consultancy Planalytics, which devises its estimate by modeling sales for a clear day and subtracting sales from stores based on how affected they were by the weather.

Michael Niemira, chief economist at the International Council of Shopping Centers, says there was a significant hit to sales this weekend, but some of the sales may have shifted online and others to periods before and after the storm.

"Super Saturday," the last Saturday before Christmas, saw $15.1 billion in sales last year, according to **Mastercard** Inc.'s SpendingPulse unit. "Retailers got hit right at crunch time," says Todd Slater of Lazard Capital Markets.

The snow postponed shoppers who already had been procrastinating in hopes of better deals. Heading into this past weekend, more than half of ARG-UBS respondents said they were waiting for discounts of 50% or greater before they would complete their shopping.

> The snow in the U.S. Northeast cost retailers an estimated $2 billion in sales.

Traffic at enclosed malls has been sluggish. Last week, mall traffic was down 2%, on top of an 18% decline for the same time last year, says Mr. Slater.

Even with the recent storm, this season has been better weatherwise than last year, according to Weather Trends International. The weather consultancy reports total snowfall for the 10 days prior to Christmas has been 537 inches this year, down 55% from last year.

United Parcel Service Inc. said the snow didn't crimp deliveries on Monday, what it projects to be its busiest shipping day of the year, and saw only "localized" disruptions along the East Coast on Saturday.

FedEx Corp. said some residential deliveries were delayed to Monday instead of Saturday but that overnight orders placed by Wednesday will be delivered before Christmas.

A host of retailers are extending their store hours in the Northeast. Toys "R" Us, for instance, said that at least 300 stores would be open 6 a.m. to 1 a.m. through Wednesday. **Target** Corp. and **Barnes & Noble** Inc. also said they were lengthening hours of operation.

Still to be seen is whether retailers will accelerate their promotions to lure shoppers in the remaining days.

With the clock ticking, says Ann Poole, an analyst with **Stephens** Inc., shoppers have more of a motivation to spend.

"In some ways, it favors the retailer, says Ms. Poole. "The consumer has to buy stuff."

—Corey Dade, Bob Sechler and Ann Zimmerman contributed to this article.

Associated Press

A shopper with bags navigates snow piles in Philadelphia on Monday.

Macarthur offers to buy Sydney's Gloucester Coal

By Alex Wilson and Costas Paris

MELBOURNE, Australia—**Macarthur Coal** Ltd. offered to pay 668.5 million Australian dollars (US$589.6 million) for rival **Gloucester Coal** Ltd.

Macarthur, based in Brisbane, Australia, also agreed to buy out the minority stakes of China's **Citic Resources Holdings** Ltd. in Macarthur's two existing mines.

A takeover of Sydney-based Gloucester would allow Macarthur to diversify production and become the fifth-biggest coal producer in Australia, behind **BHP Billiton**, **Rio Tinto**, **Xstrata** PLC and **Anglo American** PLC.

The deal is the latest in a steady stream of takeovers in the Australian coal sector and follows a successful A$3.54 billion bid for **Felix Resources** Ltd. by China's **Yanzhou Coal Mining** Co.

Macarthur is offering 0.84 share for each Gloucester share. The offer values Gloucester at A$8.16 a share, a 25% premium. Macarthur also is offering A$8 a share in cash.

Noble Group Ltd., which has an 87.7% stake in Gloucester, agreed to accept the all-share offer and will emerge with a 24% stake in Macarthur.

Noble also is negotiating the sale of a 79.9% stake in its Donaldson coal assets to Macarthur for A$185.8 million and agreed to sell its 25.3% share in the Middlemount project for A$207.5 million, giving Macarthur total control of the project.

"Macarthur Coal will have greatly expanded scale and diversity in terms of geography, mines, ports and products," Macarthur Chief Executive Nicole Hollows said in a prepared statement.

"We will operate six mines in two states shipping through two port terminals, increasing to four with future capacity allocations at [Newcastle Coal Infrastructure Group] and Abbot Point."

Noble acquired its stake in Gloucester at A$7 a share.

"These transactions provide Noble with an opportunity to consolidate its coal interests in Australia and continue to promote growth of independent coal suppliers in this region," William Randall, head of Noble's energy coal and carbon division, said in a prepared statement.

Gloucester's independent directors have unanimously recommended the deal. Gloucester Chairman James MacKenzie said it would give Gloucester shareholders exposure to high quality coal mines and growth projects.

Coal analyst Andrew Harrington of Patersons Securities said the offer would diversify Macarthur's business geographically and by product but that Macarthur appeared to be paying dearly.

"They're paying A$8 for an asset that was only worth A$7 not long ago and a lot less previously to that," he said.

Gloucester sold two million metric tons of coal in the year ended June 30. Of that, 25% was coking coal used in making steel and 75% was used in power generation. The miner, which has a market capitalization of A$536.9 million, plans to boost output to 3.5 million tons a year starting in 2014.

Macarthur has a market capitalization of A$2.47 billion and sold 4.6 million metric tons of coal in the year ended June 30.

—P.R. Venkat in Singapore contributed to this article.

Apple TV proposal gets some nibbles

By Sam Schechner And Yukari Iwatani Kane

CBS Corp. and **Walt Disney** Co. are considering participating in **Apple** Inc.'s plan to offer television subscriptions over the Internet, according to people familiar with the matter, as Apple prepares a potential new competitor to cable and satellite TV.

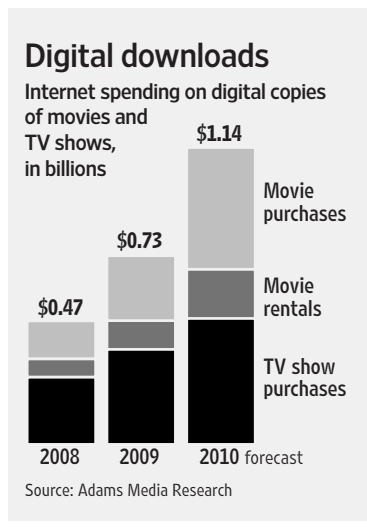
The proposed service by the maker of iPhones and iPod music players could, in at least some scenarios, offer access to some TV shows from a selection of major U.S. television networks for a monthly fee, according to people familiar with the discussions. Apple is pushing to complete licensing deals and hopes to introduce the service in 2010, some of those people said. It is unclear whether any networks have signed on yet.

Spokespeople for Apple, CBS and Disney declined to comment.

If Apple signs up enough networks to launch a viable service—still a very big if—it could ultimately alter the economics of the television business. The service could undermine the big bundles of channels that cable, satellite and telecommunications companies, including **Comcast** Corp. and **DirecTV** Inc., have traditionally sold in packages to subscribers.

Comcast declined to comment. A DirecTV spokesman said, "It's difficult to gauge how competitive they will be without seeing the packaging, presentation and execution."

The video strategy is part of Apple's plan to overhaul its iTunes store. The store currently sells downloadable music, video and applications like games, entertainment and productivity tools for its touchscreen devices, like the iPhone and iPod Touch. Apple recently bought music-streaming service La La Media Inc. as part of its plan to offer consumers more ways to access and manage their music purchases, according to people familiar with the situation. Similarly, the TV subscription service would be in addition to the way Apple sells individual TV shows.



Apple is revamping iTunes as it finalizes its plans for a tablet device, which is meant to be a multimedia gadget, according to people briefed about the product. The multimedia tablet—perhaps out in March— is expected to be larger than an iPhone but smaller than a laptop computer.

Apple faces an uphill battle assembling a critical mass of TV networks. A swath of media companies—including **News Corp.**, **Viacom** Inc., Time Warner's Turner Broadcasting and **Discovery Communications** Inc.—appear to be opposed to or leaning away from signing on, at least to Apple's initial proposals, according to people familiar with the matter. It is unclear if NBC Universal, in which Comcast is buying a controlling stake, is interested.

As part of the Apple service, CBS is considering offering programs from both the CBS and CW networks, according to people familiar with the matter. CW, a joint venture between CBS and **Time Warner** Inc.'s Warner Bros., airs shows like "Gossip Girl" and "Vampire Diaries" that are among the most popular purchases, per episode, on the iTunes video and music bazaar.

Disney is considering including programs from its ABC, Disney Channel and ABC Family networks, according to a person familiar with the matter. Disney has in the past been among the first to jump into online video, including on iTunes. Apple Chief Executive Steve Jobs is Disney's largest individual shareholder and sits on the company's board.

In at least some versions of the proposal, Apple would pay media companies about $2 to $4 a month per subscriber for a broadcast network like CBS or ABC, and about $1 to $2 a month per subscriber for a basic-cable network, people familiar with the proposals said. Those amounts are in some cases much higher than media companies receive from traditional distributors. The question is whether selling fewer networks at higher prices is better business.

Apple's TV proposal may be changing as the company woos networks, according to people familiar with the matter. An initial version of the proposal had envisioned selling access to advertising-free shows from a bundle of top cable and broadcast networks—the "best of television"—with a consumer price tag of $30 a month, according to people familiar with the talks.

It is unclear how many shows from each network could be made available through the Apple service. Networks' rights to TV shows online are snarled in a tangle of licenses with the studios that produce them.

Ponzi probe hits Indiana

FBI raids firms owned by Timothy S. Durham, a big contributor to Republican politicians

By David Kesmodel

An Indiana businessman whose lavish lifestyle was featured on a television special about the superrich is under investigation for running an alleged Ponzi scheme that sold supposedly safe, but high-yielding, notes to elderly investors and used the money to invest in other companies he controls.

The federal investigation into Timothy S. Durham, who is also known for his extensive car collection and 30,000-square-foot mansion, is roiling Indiana politics, where Mr. Durham was a big contributor to Republican politicians, including Gov. Mitch Daniels.

Agents from the Federal Bureau of Investigation raided two of Mr. Durham's companies last month, and the U.S. attorney's office in Indianapolis filed documents in federal court accusing Mr. Durham and at least some of his companies of defrauding investors in an alleged Ponzi scheme, which may involve hundreds of millions of dollars. No criminal charges have been filed.

Tony Valainis/Indianapolis Monthly

Timothy S. Durham, at home in front a wall of portaits by 1960s artist Peter Max, says Ponzi allegations 'weren't true.'

In an interview, Mr. Durham, 47 years old, said he was shocked by the raids and feels "emphatically" that the allegations "weren't true."

The probe centers on **Fair Finance** Co., an Akron, Ohio, investment firm that has sold investment certificates to Ohioans since 1934 and invested the money in consumer-finance loans such as health-club contracts.

Mr. Durham and a partner bought Fair Finance in 2002. The company offered interest rates of as much as 9% on two-year notes. Filings made in recent months with Ohio securities regulators show that Fair Finance issued many loans to other companies run by Mr. Durham. The amount of related-party loans outstanding exceeded $160 million, the state regulatory documents show.

The federal investigation into Mr. Durham's companies surfaced Nov. 24 when the FBI executed search warrants at Fair Finance in Akron and at **Obsidian Enterprises** Inc. in Indianapolis, another company controlled by Mr. Durham.

Also that day, U.S. Attorney Timothy M. Morrison filed a request in federal court in Indianapolis to seize Mr. Durham's mansion, a 2008 Bugatti Veyron sports car and other assets.

In that court filing, federal prosecutors described what they suspected was a Ponzi scheme involving Fair Finance. Prosecutors said Fair Finance had told investors it would invest their money in low-risk, high-yield consumer debt.

The Indianapolis Star

FBI agents load a truck underneath the Chase Tower in Indianapolis on Nov. 24.

Instead, prosecutors alleged, "money provided by victims of the scheme was used to make interest and redemption payments to earlier victims of the scheme," which suggests a classic Ponzi scam.

Mr. Morrison, the U.S. attorney in Indianapolis, said he later withdrew the request to seize assets after his office received assurances that the items wouldn't be sold or transferred. Mr. Morrison declined to discuss the status of the case.

Prosecutors said in the federal court filing that Federal Reserve Bank records show numerous wire transactions in recent years between Fair Finance's parent, **Fair Holdings** Inc., and other companies controlled by Mr. Durham and business partner James F. Cochran. Mr. Cochran's lawyer, James Voyles, declined to comment. John Tompkins, a lawyer representing Obsidian Enterprises, declined to comment on the case.

Earlier this month, **CLST Holdings** Inc., a public company in Texas in which Mr. Durham serves as chairman, disclosed that the Securities and Exchange Commission subpoenaed documents related to transactions between CLST and Fair Finance. CLST was a wireless-phone distributor that began liquidating itself several years ago.

On Dec. 4, an Akron couple that invested in Fair Finance filed a lawsuit in an Ohio state court against the company, Messrs. Durham and Cochran and others, seeking class-action status on behalf of investors.

The suit contends that Messrs. Durham and Cochran used Fair Finance "as their own personal bank," noting that the company issued a number of loans to other companies they ran.

Fair Finance's nine Ohio branches have been closed since Fair Finance was raided. Fair Finance owes about $200 million to Ohioans who purchased its investment certificates, which aren't insured by the government, according to the state regulatory documents and the lawsuit.

"A lot of people are just scared to death that they have lost their entire life savings," said David Meyer, a lawyer representing plaintiffs in the Ohio lawsuit.

Mr. Durham, who is chief executive of Fair Finance, said the company invested money in some of his other firms because it believed it is better "to invest in companies that you know the most about." Such related-party loans were disclosed to investors and Ohio regulators, he said.

Mr. Durham acknowledged that his companies have endured financial strains amid the U.S. economic downturn. "It's a difficult time for all of our companies," he said.

Mr. Durham grew up in a middle-class family in Seymour, the same small southern Indiana town where rock star John Mellencamp was raised.

Working as a leveraged-buyout specialist, Mr. Durham has assembled an eclectic assortment of businesses, including Classic Manufacturing Inc., a maker of commercial and recreational trailers, and National Lampoon, the entertainment and licensing company that traces its roots to the now-defunct humor magazine of the same name.

In 2008, business-news network CNBC featured him in a program called "Untold Wealth: The Rise of the Super Rich." The program highlighted his expensive tastes, including a 100-foot yacht that he owned at the time and his collection of exotic and classic cars. Mr. Durham then had about 70 cars but says he has since sold many of them and now has "under 30."

The biggest immediate impact of the allegations against him is in the political arena. A Republican candidate for sheriff of Marion County, home to Indianapolis, withdrew from the race after returning all of Mr. Durham's campaign contributions, saying the loss of that money meant he couldn't compete.

The county's Republican prosecutor, Carl Brizzi, wrote on his blog this month that he "should have conducted greater due diligence" before joining the board of Fair Finance at Mr. Durham's request this year. He has since quit the board.

Mr. Durham has given $195,000 to Gov. Daniels since 2003. The money has been spent, so "there is nothing to return," said a spokeswoman for the governor, who was elected to his second and final term last year.

R&D spending in U.S. falls; pickup forecast

By Gautam Naik

U.S. investment in research and development fell in 2009, but it is expected to rebound slightly next year as the economy gradually improves.

Next year, after accounting for inflation, total U.S. spending on R&D is forecast to rise 1.7% to $395.9 billion, according to a report by Battelle Memorial Institute, a nonprofit trust in Columbus, Ohio, that does scientific research for the government and industry.

In 2009, U.S. spending on R&D fell about 3.8% to $382.6 billion, after accounting for inflation, the first annual decline since 2002.

The Battelle report is based on data from a wide range of government and industry sources. It is being published in R&D Magazine.

In the coming year, global R&D is expected to increase 4% to $1.16 trillion from the $1.11 trillion spent in 2009. Global R&D spending in 2008 was $1.12 trillion.

While the U.S., Japan and Europe showed declines in R&D spending growth this year, China and Japan recorded positive, though slower, growth rates.

"It's a pretty significant finding," said Martin Grueber, senior researcher at Battelle and co-author of the report.

"India and China's R&D engines are large and getting larger, and are driven by factors beyond" the temporary swings of the global economy, Mr. Grueber added.

Japan remains the world's second-biggest spender on R&D, after the U.S. But China is to likely replace Japan in that slot in 2011, according to Mr. Grueber. R&D outlays also took a hit in several key European economies, including Germany, France and Britain. And while their spending levels are expected to rebound, it will be "less robust" than the rebound forecast for the U.S.

In 2009, industrial R&D spending in the U.S. fell 4.8% to $275.3 billion from $289.1 billion in 2008. In 2010, industrial R&D spending is expected to rise to about $283 billion. These figures include amounts originated at U.S. companies as well funding they receive from the U.S. government.

America's R&D base is also getting a boost from federal funding. The U.S. stimulus package, in particular, is projected to inject some $18 billion into R&D overall. Less than a fifth of that amount is being spent in 2009; the rest will be spent over the next two years.

In the U.S., several key sectors of the economy, including the electronics, computer hardware, biopharmaceutical and automotive industries, made significant cuts in R&D. But within each industry, the picture was mixed.

In the first nine months of 2009, **Microsoft** Corp. and **International Business Machines** Corp. cut R&D spending by 5.7% and 9.3%, respectively, while **Apple** Inc. boosted its R&D spending by 19%, according to the Battelle report.

Similarly, **Pfizer** Inc. and **Johnson & Johnson** each cut their R&D spending by more than 10% in that period, while **Merck** & Co. and **Eli Lilly** & Co. boosted their spending by more than 10% each.

Provided there isn't a double-dip recession, "it will be a one-year blip" in reduced R&D spending for U.S. companies, said Mr. Grueber.

WHETHER IT'S EGGS IN EGYPT...

Credit Suisse names Sim global head of M&A

By Anita Greil

ZURICH—**Credit Suisse Group** AG named Boon Sim as its new global head of mergers and acquisitions as part of a broader management shake-up amid hopes of a rebound in takeovers next year.

The overhaul shuffled duties for five of Credit Suisse's top bankers around the globe, according to an internal memo distributed Monday. It also comes as the bank has seen a spike in work on major takeover deals, including helping to finance **Kraft Foods** Inc. on its $17 billion hostile bid for **Cadbury** PLC.

Mr. Sim's new role at the investment bank comes after Marc Granetz announced he would step down as head of global M&A and co-head of the global investment banking division. The Zurich-based bank announced in October that Luigi de Vecchi would replace Mr. Granetz as co-head of the investment bank alongside James Amine.

Mr. Sim, who grew up in Singapore, began career as a semiconductor designer before making a name for himself on Wall Street. The 47-year-old joined Credit Suisse in 1992, including his work at predecessor company **First Boston** Corp.

He has led a number of notable deals, including advising on the $33 billion leveraged buyout of hospital-management company **HCA** Inc. in 2006 and the $26 billion sale of **First Data** Corp. in 2007. His role as head of U.S. M&A will be taken by Andrew Lipsky.

IF IT'S TRADED SOMEWHERE IN THE WORLD...

MARKETS

Galleon pair plead not guilty

Rajaratnam, Chiesi deny they were involved in insider trading

By Kelly Nolan

NEW YORK—**Galleon Group**'s Raj Rajaratnam and Danielle Chiesi, a former hedge-fund consultant at **New Castle Partners**, pleaded not guilty before a U.S. District Court judge to charges they were involved in a $20.8 million insider-trading scheme.

Mr. Rajaratnam and Ms. Chiesi were arraigned on charges of conspiracy and securities fraud, following a federal grand-jury indictment last week.

"My daughter is innocent and that is what you will be printing," said Gloria Chiesi, Danielle Chiesi's mother, after the arraignment hearing. "God borrowed my body and gave me this girl. She's my angel."

The 17-count indictment reiterated most of the allegations from a criminal complaint filed against Mr. Rajaratnam and Ms. Chiesi in October.

Both claimed no wrongdoing. Ms. Chiesi, 44 years old, faces as many as 155 years in prison on the new charges, while Mr. Rajaratnam, 52, faces as many as 145 years in prison.

During the hearing, U.S. Attorney Joshua Klein said discovery on the case should begin this week, with the bulk of the government's wiretap intercepts expected to be released to defense attorneys in the coming days. Mr. Klein requested a trial date of June or July, given the parallel SEC case is set to have its trial in August.

Defense attorneys said the trial-date schedule proposed by the government was too ambitious, especially since the wire-tap intercepts are lengthy at more than 100 hours.

Reuters (2)

THEN AND NOW: Danielle Chiesi at left in October after being charged, and at right as she arrived in court on Monday.

U.S. District Court Judge Richard Holwell set a status conference update of Feb. 11, and he said at that time, a trial schedule could be determined.

"We may well end up on an expedited schedule," Judge Holwell said, but noted nothing would be set until he had the chance to discuss the SEC case with U.S. District Judge Jed Rakoff.

Prosecutors asked that the court schedule the criminal trial before the SEC case for fear that if the SEC case were held first, witnesses as well as the defendants might invoke their right against self-incrimination as protected by the Fifth Amendment.

U.S. District Judge Holwell set a bail hearing for Mr. Rajaratnam for Jan. 8.

Last week, Mr. Rajaratnam's lawyer, John Dowd, filed a request to reduce Mr. Rajaratnam's $100 million bail to $20 million and authorize the release of $7 million in cash to secure his personal recognizance bond, saying his client had "fully complied" with the terms of his release.

Last week, U.S. Magistrate Judge James Francis in Manhattan extended the deadline until Jan. 15, 2010, to indict the four others.

Those people—Robert Moffat, a former senior vice president at **International Business Machines** Corp.; Anil Kumar, a former **McKinsey** & Co. senior partner; Rajiv Goel, an executive in **Intel** Corp.'s treasury department; and Mark Kurland, a New Castle partner—have also denied wrongdoing.

OPEC holds output steady

LUANDA, Angola—The Organization of Petroleum Exporting Countries called for members to improve their compliance with production cuts set last year as it agreed, as expected, to keep its production quotas steady.

*By **Tahani Karrar-Lewsely**, **Summer Said** And **Hassan Hafidh***

The decision at the cartel's ministerial meeting in the Angolan capital marked the fourth time this year that OPEC has left its production target unchanged.

OPEC oil ministers had said ahead of the meeting they expected the cartel would keep oil-output targets steady because oil prices remain at comfortable levels.

"The decision we have taken today is a roll over" of previously agreed production quotas, said Algerian Oil Minister Chakib Khelil.

Oil inventories remain at historically high levels, and OPEC wants to trim them by encouraging members to improve their compliance with the combined 4.2 million barrels a day of output cuts agreed to late last year.

Members pledged the cuts at the time to stop a steep plunge in oil prices as economic recession eroded demand for petroleum products.

Even though oil prices have since improved, the oil-demand picture remains mixed, said OPEC President and Angolan oil minister Jose Maria Botelho de Vasconcelos.

"Demand growth in the emerging economies is improving, but [growth from nations that belong to the Organization for Economic Co-operation and Development] remains in negative territory," he said. "The market continues to be well supplied with crude, and inventories are at high levels."

OPEC members' initial compliance with tightened quotas was strong, but slipped this year as oil prices returned to historically high levels.

Ministers discussed the matter on Tuesday and agreed to work to improve their discipline with existing quotas.

"We talked about compliance," said Shokri Ghanem, head of the Libyan National Oil Co. "We called on members to comply by each one's production quota."

Secretary General Abdalla Salem el-Badri said he wants to see OPEC members increase their compliance to more than 75% of last year's output cuts.

Saudi Arabian Oil Minister Ali Al Naimi echoed Mr. El-Badri's call for improved OPEC quota compliance, but he had a higher figure in mind.

"We would like compliance at 100%," he said.

Many analysts estimate OPEC's compliance with its production ceiling to be around 60%.

Mr. El-Badri didn't provide a figure on where OPEC's compliance currently stands.

Improved compliance would reduce the cartel's production and could help slim down bloated oil inventories. Mr. El-Badri said he isn't worried that current high storage levels will lead to a collapse in oil prices. "I'm not happy with stock levels, but we have to look at the long term," he said.

The oil market showed little initial reaction to OPEC's decision to keep its production target unchanged. By late morning, the contract for light, sweet crude for February delivery was down 31 cents, or 0.4%, to $73.41 a barrel .

"OPEC not changing anything was fully expected," said Petromatrix analyst Olivier Jakob. "OPEC has been leaking more oil out, and only lower oil prices can bring higher compliance."

European oil market analysts said that in reality, crude prices trading above $70 a barrel make compliance relative to targeted cuts less pressing for OPEC members.

"The question is whether the cartel members will be up to discussing production capacity versus quota allocation," said Harry Tchilinguirian, head of research at BNPP commodity derivatives in Paris. Angola and Iran account for most of the cartel's overproduction, Mr. Tchilinguirian said.

OPEC will meet again March 17 in Vienna, Mr. Ghanem said. Ecuador will hold the annually rotating OPEC presidency in 2010, succeeding Angola.

—Angela Henshall and Reza Amanat in London contributed to this article.

MARKETS

Dubai exchanges merge

Even before debt crisis, business at DFM, Nasdaq Dubai was slow

By Tim Falconer

DUBAI—**Dubai Financial Market** will buy rival exchange operator Nasdaq Dubai for $121 million, after the bourse intended as a regional hub for foreign investors became the latest victim of the sheikdom's economic crisis.

The offer, which has been approved by DFM's majority-owner Borse Dubai as well as **Nasdaq OMX Group**, which holds one-third of Nasdaq Dubai, comprises $102 million in cash and 40 million DFM shares. The deal is expected to complete within six weeks.

The merger comes at a time when the debt-laden emirate's ability to support both markets has come under intense scrutiny. Dubai's government also is undertaking a radical restructuring of some of its state-controlled companies in an effort to cut costs and contain its estimated $80 billion mountain of debt.

On Monday, more than 90 creditors met with government-owned **Dubai World** to begin talks on restructuring $22 billion of the troubled conglomerate's debts.

Dubai has been hard hit by the global financial crisis, which has pounded the city's core real estate and banking industries.

Even before the financial crisis hit, however, Dubai's financial floors had been struggling to drum up business. The average daily trading value on the DFM this year has been just under $110 million, while Nasdaq Dubai is handling about $3.8 million per day, according to regional investment bank EFG Hermes.

The takeover by the DFM will help drive "cost efficiency for the two exchanges," said Nasdaq Dubai in a statement Tuesday, without giving specifics on possible job cuts or savings to arise from the deal.

Analysts welcomed DFM's move on Nasdaq Dubai, expressing delight at the prospects of greater pools of activity.

"The DFM and the Nasdaq Dubai merger should improve much-needed liquidity for Dubai, and help investors become somewhat more comfortable with investing in Dubai," said Faisal Ghori, principal at **Middle East Ventures**.

Jeff Singer, chief executive of Nasdaq Dubai, said the deal would help attract more issuers from across the region. "Issuers can choose which exchange to list on according to their commercial and regulatory needs," Mr. Singer said.

DFM said the two Dubai exchanges would continue to operate as separate entities after the deal is completed.

—Jacob Bunge in Chicago contributed to this article.

OR SOLAR PANELS IN SWITZERLAND...

Yield curve on Treasurys signals investor optimism

By Emily Barrett And Joanna Slater

A closely watched bond-market measure of investor optimism was at a record Tuesday, amid signs the U.S. economic recovery is strengthening.

That measure is the yield curve—the difference between short-term and long-term interest rates on government bonds. That number was at the highest level ever, surpassing the record set in June, and signals investors expect a stronger economic recovery ahead.

The milestone comes amid a broad sell-off in government bonds, as investors shift money into riskier assets like stocks in anticipation of stronger growth. Last year, investors dumped stocks and sought the safety of government bonds amid the financial panic. That drove up the prices of government debt, and thus drove down the yields on some to record lows.

That trend has reversed. On Monday, stocks jumped on positive words from Wall Street analysts and news of acquisitions in the mining and health-care sectors. The Dow Jones Industrial Average rose 85.25 points to 10414.14, putting it in positive territory for the month. Tuesday morning, the Dow was up another 44.89 points at 10459.03. Low trading volumes at the end of the year may also be exaggerating market movements.

The interest-rate development is good news for banks, which normally borrow at short-term rates and lend at long-term rates. The bigger the difference, all else being equal, the bigger their profit.

The yield curve steepens when the Federal Reserve, which controls short-term interest rates, keeps them low to spur the economy. But at the same time, investors, expecting growth to resume, and with it the possibility of inflation, sell longer-term government bonds, which sends prices down and yields up.

The difference between the yields, in this case on 2-year and 10-year notes, is the main gauge of the yield curve. On Tuesday morning in New York, the difference reached 2.861 percentage points. The gap between short- and long-term yields tends to stretch on the way out of economic trouble.

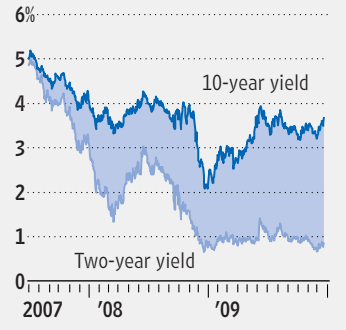
Before this year, the yield curve was last near these levels in 1992 and 2003. In both instances, the economy was pulling out of a recession, and staged a sustained recovery. However, on both occasions it took a year or more before the Federal Reserve decided the economy was strong enough to warrant interest rate increases.

The gap could widen further, said Tony Crescenzi, a portfolio manager at Pacific Investment Management Co. in Newport Beach, Calif. The previous peaks "didn't occur until the expansion was gaining some steam, and we don't know yet that's the case," Mr. Crescenzi said. The steeper curve is being driven by investors selling off Treasurys. The 10-year Treasury tumbled Tuesday morning, sending its yield up to as much as 3.750%, the highest since mid August. The yield on the 2-year Treasury rose to as much as 0.889%.

The widening gap stems from a bout of optimism about the U.S. economy, combined with a sense that the Federal Reserve is still months away from raising rates.

Growth signs

The gap between the yields on 10-year and two-year Treasurys widened to 2.814 percentage points on Monday



Source: Ryan ALM via WSJ Market Data Group

Community bankers' fight heats up

By Damian Paletta

WASHINGTON—The fight over new financial rules is intensifying within the banking industry as community bankers got their first exclusive meeting Tuesday with President Barack Obama.

Two bankers' groups, the American Bankers Association and the Independent Community Bankers of America, are challenging each other, and their competing messages on Capitol Hill have made it easier for Democrats to ignore some of their arguments, lobbyists and Capitol Hill aides said.

Both trade groups claim to speak for "community banks." But they took starkly different positions on a recent House bill to overhaul financial regulation: the ICBA supported it, while the ABA opposed it. This led to a war of words, which promises to become nastier as the Senate takes up the bill.

"The name-calling is really partly a strategy to build their brands against each other, and I think it's foolish," said Ed Mierzwinski, consumer program director at U.S. PIRG, a coalition of consumer groups that frequently fights against the banking industry. "To the extent that it hurts them, it's great that they are fighting with each other and using up their bandwidth."

Earlier this month, Mr. Obama pushed chief executives of large banks to do more to support regulatory changes and lend more to small businesses.

ABA officials say ICBA officials have been too willing to throw their support behind controversial legislation in exchange for modest changes in the bill. ICBA officials counter that the ABA is conflicted because it represents both small community banks and large Wall Street firms that are often at odds with each other.

Conflicting messages from the industry "will invite the enactment of a bill that will truly hurt us badly for years to come," ABA Chairman Art Johnson wrote in a letter to chief executives earlier this month. ICBA officials bristled at the letter, and Chief Executive Cam Fine said he felt it attacked his group's "leadership personally." He had his own criticism of his group's rival.

"ABA represents both the very largest financial firms and some smaller institutions whose best interests are not always the same," he said.

Squabbles between these groups have become more pronounced. ICBA backed a provision in the House bill that would allow the government to go in and break up big banks if regulators believe the company could pose a risk to the broader economy.

The ABA opposed this measure. ICBA has also argued for stricter limits on the amount of deposits banks should be able to control, an idea the ABA has fought.

Community banks are traditionally held in much higher esteem in Washington than are large banks, in part because community bankers are in each lawmaker's district and the group collectively wields considerable influence.

The financial crisis has exposed deep cracks in part of the financial system, with several large companies getting bailed out by the federal government.

In addition, 165 banks have failed since January 2008. There are more than 8,000 banks in the country, and most are small, with less than $10 billion in assets.

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Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Russia	-0.79%	**100.4%**	86.7%
Brazil	0.59	**98.9**	108.8
Turkey	0.16	**86.5**	89.9
China 88	-2.62	**70.4**	62.3
Singapore	1.45	**61.9**	65.8
South Korea	1.00	**50.1**	46.7
Sweden	0.94	**49.6**	51.2
Hong Kong	0.60	**42.8**	43.8
Netherlands	0.60	**39.8**	40.5
Canada	-0.06	**26.9**	36.6
Switzerland	0.98	**25.5**	29.1
Australia	1.64	**25.1**	31.1
South Africa	0.67	**21.9**	24.8
France	0.75	**21.8**	25.4
Italy	1.13	**21.1**	22.8
U.K.	0.97	**20.2**	25.7
Germany	0.49	**18.0**	22.7
Spain	0.51	**16.7**	18.4
Japan	1.46	**6.8**	7.9

Dow Jones Regional Sector Titans

Basic Res	0.39%	**77.0%**	85.8%
Technology	0.52	**53.2**	56.7
Tiger 50*	1.05	**51.9**	55.1
Nordic 30 -p	0.81	**35.5**	37.3
EU Enlarged†-p	0.66	**30.3**	31.1
Asian 50	0.92	**27.7**	30.2
Stoxx 50 -p	1.60	**22.0**	25.7
Global 50	0.32	**19.9**	23.9
Euro Stoxx 50 -p	1.91	**19.5**	22.0
Arab 50	-0.15	**5.0**	2.1

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Tuesday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Nissan Motor	Japan	Automobiles	$34.2	769.00	**6.07%**	153.0%	-45.1%
Japan Tobacco	Japan	Tobacco	32.3	308,000	**5.26**	5.4	-46.1
Westpac Bking	Australia	Banks	61.7	24.15	**3.43**	48.5	-0.3
RioZim Ltd	Australia	General Mining	38.8	72.75	**3.09**	160.6	26.3
Sony	Japan	Consumer Electronics	28.8	2,650	**2.71**	43.2	-47.7
Sun Hung Kai Prop	Hong Kong	Real Estate Holding Development	$36.5	110.40	**-1.43%**	66.6	26.7
PetroChina	Hong Kong	Integrated Oil Gas	24.4	8.97	**-1.10**	39.3	-13.6
East Japan Railway	Japan	Travel Tourism	25.6	5,920	**-0.84**	-13.5	-25.4
Hutchison Whampoa	Hong Kong	Diversified Industrials	27.5	50.05	**-0.50**	26.7	-35.7
China Mobile (HK)	Hong Kong	Mobile Telecommunications	179.1	69.85	**-0.29**	-7.5	9.1

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Indl Comm Bk China Hong Kong (Banks)	67.2	6.27	**2.62%**	49.6%	42.5%
Panasonic Japan (Consumer Electronics)	29.7	1,314	**2.58**	23.4	-44.1
Aus NZ Bk Australia (Banks)	47.2	21.47	**2.48**	44.4	-24.6
Toyota Motor Japan (Automobiles)	130.6	3,800	**2.15**	31.3	-51.1
Mitsubishi Japan (Industrial Suppliers)	39.1	2,180	**2.11**	86.0	-1.6
China Constr Bk Hong Kong (Banks)	185.7	6.41	**2.07**	47.0	38.7
Honda Motor Japan (Automobiles)	61.4	3,080	**1.99**	61.7	-32.8
Nippon Steel Japan (Iron Steel)	24.9	362.00	**1.97**	20.7	-43.6
Canon Japan (Electronic Office Equipment)	51.0	3,790	**1.88**	34.6	-43.3
Nintendo Japan (Toys)	30.4	21,800	**1.87**	-37.6	-29.0
BHP Billiton Australia (General Mining)	122.8	41.65	**1.71**	46.2	66.3
POSCO South Korea (Iron Steel)	38.3	596,000	**1.71**	58.3	89.8
Woolworths Australia (Food Retailers Wholesalers)	29.3	27.14	**1.69**	5.5	14.8
Westfield Grp Australia (Retail REITs)	24.4	12.01	**1.69**	-11.3	-39.6
QBE Ins Grp Australia (Reinsurance)	22.4	24.94	**1.55**	0.6	-13.0
China Life Ins Hong Kong (Life Insurance)	35.4	36.85	**1.52**	63.1	51.3
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	37.0	140.50	**1.44**	162.7	-2.6
Shin-Etsu Chml Japan (Specialty Chemicals)	23.6	5,100	**1.39**	32.5	-36.0
Mitsui Japan (Industrial Suppliers)	25.0	1,263	**1.36**	53.3	-28.8
Samsung Elec South Korea (Semiconductors)	97.6	781,000	**1.30**	71.1	28.9

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
National Australia Bk Australia (Banks)	48.4	26.31	**1.19%**	34.2%	-35.2%
JFE Hldgs Japan (Iron Steel)	20.1	3,490	**1.16**	36.3	-44.0
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	50.3	62.90	**1.13**	44.2	-3.3
KB Fncl Group South Korea (Banks)	19.2	58,900	**0.86**	75.3	-18.7
Commonwealth Bk of Australia Australia (Banks)	70.2	52.59	**0.84**	94.5	7.9
KDDI Japan (Mobile Telecommunications)	23.2	481,000	**0.84**	-21.8	-39.7
Takeda Pharm Japan (Pharmaceuticals)	32.6	3,780	**0.80**	-16.7	-53.6
Kansai Elec Power Japan (Conventional Electricity)	22.1	2,125	**0.71**	-18.6	-34.4
Tokyo Elec Power Japan (Conventional Electricity)	34.6	2,350	**0.64**	-19.7	-39.4
Shinhan Financial Grp South Korea (Banks)	17.9	44,450	**0.57**	51.3	-4.5
CNOOC Hong Kong (Exploration Production)	67.8	11.78	**0.34**	76.4	70.5
Woodside Petroleum Australia (Exploration Production)	29.8	47.27	**0.25**	47.0	25.3
Mitsubishi UFJ Finl Grp Japan (Banks)	59.8	474.00	**0.21**	-17.7	-67.8
Seven I Hldgs Japan (Broadline Retailers)	18.2	1,845	**0.16**	-35.2	-49.5
Cheung Kong (Hldgs) Hong Kong (Real Estate Holding Development)	28.4	95.00	**...**	33.4	2.0
Mizuho Financial Grp Japan (Banks)	26.8	175.00	**...**	-35.2	-79.2
NTT DoCoMo Japan (Mobile Telecommunications)	59.1	129,600	**-0.08**	-24.8	-30.0
Sumitomo Mitsui Finl Japan (Banks)	31.2	2,835	**-0.18**	-28.8	-76.6
Tokio Marine Japan (Property Casualty Insurance)	21.8	2,540	**-0.20**	-0.8	-40.1
Nippon T&T Japan (Fixed Line Telecommunications)	52.6	3,640	**-0.27**	-27.5	-37.5

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.08%	0.38%	1.3%	7.7%	7.3%
Event Driven	0.14	0.84	3.2	15.0	15.5
Equity Long/Short	0.43	0.57	-0.7	3.7	3.4

*Estimates as of 12/18/09, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.78	101.03%	0.01%	1.00	0.78	0.85
Eur. High Volatility: 12/1	1.13	99.41	0.01	1.76	1.13	1.40
Europe Crossover: 12/1	4.60	101.58	0.05	6.15	4.60	5.25
Asia ex-Japan IG: 12/1	0.98	100.09	0.01	1.29	0.96	1.09
Japan: 12/1	1.39	98.15	0.01	1.68	0.99	1.33

Note: Data as of December 21

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points

Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Sanyo Shinpan Fin	892	**-48**	-79	-102
Promise	902	**-30**	-83	-98
Elpida Memory	668	**-24**	-10	5
Acom	302	**-18**	-79	-133
Kawasaki Kisen Kaisha	250	**-16**	-6	74
DIC	111	**-11**	-13	-5
Nishimatsu Constr	541	**-11**	16	38
Orix	314	**-8**	-47	-52
Mitsubishi Matls	110	**-7**	9	3
Matsui Secs	273	**-6**	-7	5

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Socialist Rep Vietnam	237	**3**	2	29
Lg Electrs	93	**3**	-2	-12
Sumitomo Mitsui Bkg	78	**3**	-2	...
GS Caltex Oil	96	**3**	-3	-10
Kdom Thailand	99	**3**	6	-5
Samsung Electrs	68	**3**	3	-3
Nippon Paper Inds	95	**3**	-9	5
POSCO	70	**5**	3	-4
Wan Hai Lines	189	**7**	2	...
Aeon	168	**7**	7	26

Source: Markit Group

Behind Asia's deals: Bank revenue rankings, Asia (ex Japan)

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
UBS	$327	6.3%	72%	15%	14%	...
Morgan Stanley	264	5.1	78	8	15	...
Credit Suisse	248	4.8	71	10	18	1%
JPMorgan	235	4.5	79	10	10	1
China International Capital Corp Ltd	218	4.2	80	13	7	...
Goldman Sachs	206	4.0	77	6	18	...
CITIC Securities	186	3.6	78	19	3	...
Citi	175	3.4	69	16	11	3
Deutsche Bank	173	3.3	58	22	18	2

Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	**398.25**	-1.75	**-0.44%**	712.25	315.50
Soybeans (cents/bu.)	CBOT	**1005.00**	-3.50	**-0.35**	1,560.00	805.00
Wheat (cents/bu.)	CBOT	**523.00**	3.50	**0.67%**	1,029.25	459.00
Live cattle (cents/lb.)	CME	**85.575**	0.725	**0.85**	108.600	81.900
Cocoa ($/ton)	ICE-US	**3,246**	-5	**-0.15**	3,510	1,994
Coffee (cents/lb.)	ICE-US	**141.55**	-4.05	**-2.78**	188.65	115.00
Sugar (cents/lb.)	ICE-US	**26.07**	0.45	**1.76**	26.94	11.91
Cotton (cents/lb.)	ICE-US	**73.81**	-1.15	**-1.53**	84.00	49.67
Crude palm oil (ringgit/ton)	MDEX	**2,500.00**	-47	**-1.85**	2,620	2,013
Cocoa (pounds/ton)	LIFFE	**2,233**	20	**0.90**	2,337	1,310
Robusta coffee ($/ton)	LIFFE	**1,328**	-16	**-1.19**	1,710	1,311
Copper (cents/lb.)	COMEX	**311.70**	-4.15	**-1.31**	365.00	135.50
Gold ($/troy oz.)	COMEX	**1075.00**	-20.40	**-1.86**	1,227.50	762.30
Silver (cents/troy oz.)	COMEX	**1686.00**	-16.00	**-0.94**	2,011.50	1,045.00
Aluminum ($/ton)	LME	**2,241.00**	-27.00	**-1.19**	2,283.00	1,288.00
Tin ($/ton)	LME	**15,850.00**	-95.00	**-0.60**	15,945.00	9,750.00
Copper ($/ton)	LME	**6,899.00**	-1.00	**-0.01**	7,100.00	2,815.00
Lead ($/ton)	LME	**2,300.00**	-45.00	**-1.92**	2,487.00	870.00
Zinc ($/ton)	LME	**2,428.00**	-11.00	**-0.45**	2,439.00	1,086.00
Nickel ($/ton)	LME	**17,750**	130	**0.74**	21,150	9,475
Crude oil ($/bbl.)	NYMEX	**73.41**	-0.31	**-0.42**	117.00	47.60
Heating oil ($/gal.)	NYMEX	**1.9392**	-0.0253	**-1.29**	3.5570	1.3816
RBOB gasoline ($/gal.)	NYMEX	**1.8840**	-0.0096	**-0.51**	2.1342	1.2304
Natural gas ($/mmBtu)	NYMEX	**5.621**	-0.073	**-1.28**	12.590	4.550
Brent crude ($/bbl.)	ICE-EU	**72.29**	-0.70	**-0.96**	145.00	50.00
Gas oil ($/ton)	ICE-EU	**588.00**	-13.75	**-2.29**	790.00	443.50

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on Dec. 22

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.4156	0.1847	3.8055	0.2628
Brazil real	2.5434	0.3932	1.7873	0.5595
Canada dollar	1.5092	0.6626	1.0605	0.9430
1-mo. forward	1.5092	0.6626	1.0605	0.9429
3-mos. forward	1.5092	0.6626	1.0605	0.9429
6-mos. forward	1.5095	0.6625	1.0607	0.9427
Chile peso	722.08	0.001385	507.40	0.001971
Colombia peso	2930.31	0.0003413	2059.10	0.0004857
Ecuador US dollar-f	1.4231	0.7027	1	1
Mexico peso-a	18.4479	0.0542	12.9632	0.0771
Peru sol	4.1006	0.2439	2.8815	0.3470
Uruguay peso-e	28.106	0.0356	19.750	0.0506
U.S. dollar	1.4231	0.7027	1	1
Venezuela bolivar	3.06	0.327244	2.15	0.465701
ASIA-PACIFIC				
Australia dollar	1.6243	0.6157	1.1414	0.8762
China yuan	9.7170	0.1029	6.8281	0.1465
Hong Kong dollar	11.0361	0.0906	7.7550	0.1289
India rupee	66.4943	0.0150	46.7250	0.0214
Indonesia rupiah	13505	0.0000740	9490	0.0001054
Japan yen	130.64	0.007655	91.80	0.010893
1-mo. forward	130.61	0.007656	91.78	0.010895
3-mos. forward	130.57	0.007659	91.75	0.010899
6-mos. forward	130.46	0.007665	91.68	0.010908
Malaysia ringgit-c	4.8862	0.2047	3.4335	0.2912
New Zealand dollar	2.0292	0.4928	1.4259	0.7013
Pakistan rupee	119.825	0.0083	84.200	0.0119
Philippines peso	66.423	0.0151	46.675	0.0214
Singapore dollar	2.0023	0.4994	1.4070	0.7107
South Korea won	1676.41	0.0005965	1178.00	0.0008489
Taiwan dollar	46.037	0.02172	32.350	0.03091
Thailand baht	47.339	0.02112	33.265	0.03006

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7027	1.4231
1-mo. forward	1.0000	1.0000	0.7027	1.4231
3-mos. forward	1.0001	0.9999	0.7028	1.4229
6-mos. forward	1.0005	0.9995	0.7030	1.4224
Czech Rep. koruna-b	26.347	0.0380	18.514	0.0540
Denmark krone	7.4433	0.1343	5.2304	0.1912
Hungary forint	274.78	0.003639	193.09	0.005179
Norway krone	8.3835	0.1193	5.8910	0.1698
Poland zloty	4.1836	0.2390	2.9398	0.3402
Russia ruble-d	43.541	0.02297	30.596	0.03268
Sweden krona	10.4595	0.0956	7.3498	0.1361
Switzerland franc	1.4936	0.6695	1.0496	0.9528
1-mo. forward	1.4933	0.6697	1.0493	0.9530
3-mos. forward	1.4927	0.6699	1.0489	0.9534
6-mos. forward	1.4914	0.6705	1.0480	0.9542
Turkey lira	2.1752	0.4597	1.5285	0.6542
U.K. pound	0.8931	1.1197	0.6276	1.5934
1-mo. forward	0.8933	1.1195	0.6277	1.5931
3-mos. forward	0.8936	1.1190	0.6279	1.5925
6-mos. forward	0.8941	1.1185	0.6283	1.5917
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5365	1.8640	0.3770	2.6526
Egypt pound-a	7.8352	0.1276	5.5058	0.1816
Israel shekel	5.4039	0.1851	3.7973	0.2633
Jordan dinar	1.0072	0.9929	0.7078	1.4129
Kuwait dinar	0.4087	2.4470	0.2872	3.4824
Lebanon pound	2137.50	0.0004678	1502.00	0.0006658
Saudi Arabia riyal	5.3375	0.1874	3.7507	0.2666
South Africa rand	11.0254	0.0907	7.7475	0.1291
United Arab dirham	5.2272	0.1913	3.6731	0.2722
SDR -f	0.9102	1.0987	0.6396	1.5635

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
32	**ASIA-PACIFIC**	DJ Asia-Pacific	120.45	0.87	**0.73%**	28.7%	32.0%
...	Australia	SPX/ASX 200	4704.25	69.12	**1.49**	26.4	33.2
...	China	CBN 600	26869.12	-742.47	**-2.69%**	82.0	73.5
20	Hong Kong	Hang Seng	21092.04	143.94	**0.69**	46.6	48.3
19	India	Sensex	16692.00	90.80	**0.55**	73.0	72.3
...	Indonesia	Jakarta Composite	2467.637	36.248	**1.49**	82.1	83.6
...	Japan	Nikkei Stock Average	10378.03	194.56	**1.91**	17.1	19.0
...		Topix	903.06	11.58	**1.30**	5.1	6.4
...	Malaysia	Kuala Lumpur Composite	1260.42	4.76	**0.38**	43.8	44.7
...	New Zealand	NZSX-50	3179.184	29.379	**0.93**	17.1	19.4
8	Pakistan	KSE 100	9332.47	98.87	**1.07**	59.1	34.8
15	Philippines	Manila Composite	3016.16	-4.40	**-0.15**	61.0	62.0
...	Singapore	Straits Times	2823.82	37.01	**1.33**	60.3	63.7
11	South Korea	Kospi	1655.54	11.31	**0.69**	47.2	44.7
21	Taiwan	Weighted	7856.00	68.73	**0.88**	71.1	78.3
10	Thailand	SET	724.40	9.23	**1.29**	61.0	64.5
50	**EUROPE**	DJ Stoxx 600	251.30	1.73	**0.69**	27.6	30.2
22		DJ Stoxx 50	2563.42	20.18	**0.79**	24.1	27.2
62	**Euro Zone**	DJ Euro Stoxx	273.03	1.91	**0.71%**	22.5%	25.7%
20		DJ Euro Stoxx 50	2947.20	21.15	**0.72**	20.2	23.7
...	Denmark	OMX Copenhagen	313.42	2.38	**0.77**	38.6	39.3
20	Finland	OMX Helsinki	6343.31	87.97	**1.41**	17.4	20.2
19	France	CAC-40	3898.38	26.32	**0.68**	21.1	24.6
21	Germany	DAX	5945.69	15.16	**0.26**	23.6	28.4
16	Italy	FTSE MIB	22982.56	243.88	**1.07**	18.1	20.1
...	Netherlands	AEX	332.48	1.97	**0.60**	35.2	36.0
...	Russia	RTSI	1417.22	-8.23	**-0.58%**	124.3	107.7
11	Spain	IBEX 35	11890.8	60.0	**0.51**	29.3	31.1
14	Switzerland	SMI	6582.90	78.46	**1.21**	18.9	21.9
...	Turkey	ISE National 100	51532.52	251.62	**0.49**	91.8	96.0
15	U.K.	FTSE 100	5328.66	34.67	**0.65**	20.2	25.2
21	**AMERICAS**	DJ Americas	295.54	0.84	**0.29**	30.7	36.3
...	Brazil	Bovespa	66823.62	898.43	**1.36**	78.0	82.8
...	Argentina	Merval	2224.72	8.32	**0.38**	106.1	111.5
20	Mexico	IPC	32156.91	357.68	**1.12**	43.7	44.2

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
2.19%	20	**DJ Global Index**	224.43	0.99	**0.99%**	35.3%	0.4%	-6.6%
1.89	21	**Global DOW**	1962.56	9.48	**9.48**	32.8	0.5	-2.3
2.37		**Asia/Pacific 600**	113.14	0.76	**0.76**	21.1	0.7	-8.0
1.80	15	**Emerging Markets**	269.82	1.99	**1.99**	77.3	0.7	2.7
2.16	32	**Asia/Pacific**	120.45	0.88	**0.88**	32.0	0.7	-6.0
2.43	13	**Asia/Pacific ex-Japan**	302.07	2.70	**2.70**	70.4	0.9	-0.1
2.58	22	**Southeast Asia**	154.77	1.63	**1.63**	76.1	1.1	2.0
0.88	28	**CBN China 600** -c	26869.12	-742.47	**-742.47**	73.5	-2.7	22.2
0.90	32	**Shanghai**	359.06	-9.87	**-9.87**	74.1	-2.7	22.4
0.63	44	**Shenzhen**	383.78	-10.82	**-10.82**	90.5	-2.7	27.8
2.26	19	**China Offshore 50**	3933.07	33.19	**33.19**	50.7	0.8	7.3
8.71	9	**Australia LPT** -c, d	1113.66	20.54	**20.54**	-0.9	1.9	-21.8

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
2.09%	15	**Islamic Market**	1953.45	8.41	**8.41%**	37.5%	0.4%	-1.7%
2.37	16	**Islamic Market 100**	2111.67	11.24	**11.24**	25.5	0.5	-2.3
9.66	15	**Bahrain**	121.83	0.76	**0.76**	-21.9	0.6	-12.8
2.80	34	**Kuwait**	197.80	-1.38	**-1.38**	-18.5	-0.7	-15.3
2.63	20	**Sustainability**	1000.36	5.55	**5.55**	34.2	0.6	-7.4
2.72	50	**Stoxx 600 -p**	266.81	4.31	**4.31**	32.7	1.6	-9.3
4.74	17	**Stoxx Select Div 30 -p**	1756.31	28.26	**28.26**	30.2	1.6	-21.7
3.98	23	**Euro Stoxx Sel Div 30 -p**	2090.52	38.93	**38.93**	31.4	1.9	-17.1
1.72	30	**DJ U.S. TSM**	11504.49	33.26	**33.26**	32.6	0.3	-6.7
5.27	12	**U.S. Select Dividend -d**	652.53	1.16	**1.16**	18.0	0.2	-9.8
4.46		**U.S. REIT**	145.80	0.75	**0.75**	26.1	0.5	-17.6
		DJ-UBS Commodity -p	134.94	-0.55	**-0.55**	21.8	-0.4	-6.6

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

U.S.	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
		1.141	0.628	1.060	6.828	0.703	7.755	46.725	9489.47	91.800	1.426	1178.00	3.433	46.675	1.407	1.050	32.350	33.265
Australia	0.876		0.550	0.929	5.982	0.616	6.795	40.938	8314.20	80.431	1.249	1032.10	3.008	40.894	1.233	0.920	28.343	29.145
Britain	1.593	1.819		1.690	10.880	1.120	12.357	74.452	15120.52	146.274	2.272	1877.02	5.471	74.372	2.242	1.672	51.546	53.004
Canada	0.943	1.076	0.592		6.439	0.663	7.313	44.059	8948.11	86.563	1.345	1110.79	3.238	44.012	1.327	0.990	30.504	31.367
China	0.1465	0.167	0.092	0.155		0.103	1.136	6.843	1389.78	13.445	0.209	172.52	0.503	6.836	0.206	0.154	4.738	4.872
Euro	1.423	1.624	0.893	1.509	9.717		11.036	66.494	13504.46	130.641	2.029	1676.40	4.886	66.423	2.002	1.494	46.037	47.339
Hong Kong	0.129	0.147	0.081	0.137	0.880	0.091		6.025	1223.66	11.838	0.184	151.90	0.443	6.019	0.181	0.135	4.172	4.289
India	0.0214	0.0244	0.0134	0.0227	0.1461	0.0150	0.1660		203.09	1.9647	0.0305	25.21	0.0735	0.9989	0.0301	0.0225	0.6923	0.7119
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0049		0.0097	0.0002	0.12	0.0004	0.0049	0.0001	0.0001	0.0034	0.0035
Japan	0.011	0.012	0.007	0.012	0.074	0.008	0.084	0.509	103.37		0.016	12.83	0.037	0.508	0.015	0.011	0.352	0.362
New Zealand	0.701	0.800	0.440	0.744	4.789	0.493	5.439	32.768	6654.96	64.379		826.13	2.408	32.733	0.987	0.736	22.687	23.329
South Korea	0.0008	0.0010	0.0005	0.0009	0.0058	0.0006	0.0066	0.0397	8.06	0.0779	0.0012		0.0029	0.0396	0.0012	0.0009	0.0275	0.0282
Malaysia	0.291	0.332	0.183	0.309	1.989	0.205	2.259	13.609	2763.79	26.737	0.415	343.09		13.594	0.410	0.306	9.422	9.688
Philippines	0.021	0.024	0.013	0.023	0.146	0.015	0.166	1.001	203.31	1.967	0.031	25.24	0.074		0.030	0.022	0.693	0.713
Singapore	0.711	0.811	0.446	0.754	4.853	0.499	5.512	33.209	6744.47	65.245	1.013	837.24	2.440	33.173		0.746	22.992	23.642
Switzerland	0.953	1.087	0.598	1.010	6.506	0.670	7.389	44.519	9041.46	87.466	1.359	1122.38	3.271	44.471	1.341		30.823	31.695
Taiwan	0.031	0.035	0.019	0.033	0.211	0.022	0.240	1.444	293.34	2.838	0.044	36.41	0.106	1.443	0.043	0.032		1.028
Thailand	0.030	0.034	0.019	0.032	0.205	0.021	0.233	1.405	285.27	2.760	0.043	35.41	0.103	1.403	0.042	0.032	0.972	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of December. 22, 2009

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.50%	25	**ALL COUNTRY (AC) WORLD***	294.91	0.84%	**29.5%**	34.0%
2.50	26	**World (Developed Markets)**	1,155.79	1.02	**25.6**	29.4
1.90	124	**World Small Cap**	187.75	0.92	**39.9**	48.1
2.60	22	**Kokusai (World ex-Japan)**	1,145.39	1.18	**28.4**	31.5
3.10	26	**EAFE**	1,550.08	0.94	**25.3**	32.7
2.20	20	**Emerging Markets (EM)**	946.41	-0.40	**66.9**	79.6
2.60	25	**AC ASIA PACIFIC EX-JAPAN**	394.83	-0.70	**59.6**	73.6
2.10	25	**AC Far East ex-Japan**	429.19	-0.70	**57.4**	73.1
1.80	35	**Japan**	556.58	-0.20	**5.0**	8.0
1.90	20	**China**	61.68	-0.90	**51.2**	67.1
0.90	39	**China A (China Domestic)**	3,216.04	0.27	**85.4**	85.0
2.60	23	**Hong Kong**	9,792.63	-0.89	**49.4**	55.0
1.00	21	**India**	674.76	-0.53	**82.8**	94.8
1.10	24	**Korea**	468.03	-0.12	**52.5**	56.6
2.40	21	**Malaysia**	463.54	-1.03	**44.3**	46.1
3.10	17	**Singapore**	1,558.21	-0.75	**56.3**	58.4
2.70	315	**Taiwan**	280.70	0.43	**61.9**	67.6
3.10	20	**Thailand**	291.04	0.01	**57.2**	75.3
4.00	25	**Australia**	951.66	-0.39	**24.4**	23.3
5.30	16	**New Zealand**	84.63	-0.51	**11.5**	9.2
1.90	32	**US BROAD MARKET**	1,234.32	1.06	**25.6**	27.6
3.40	17	**EUROPE**	86.79	1.41	**25.0**	20.0

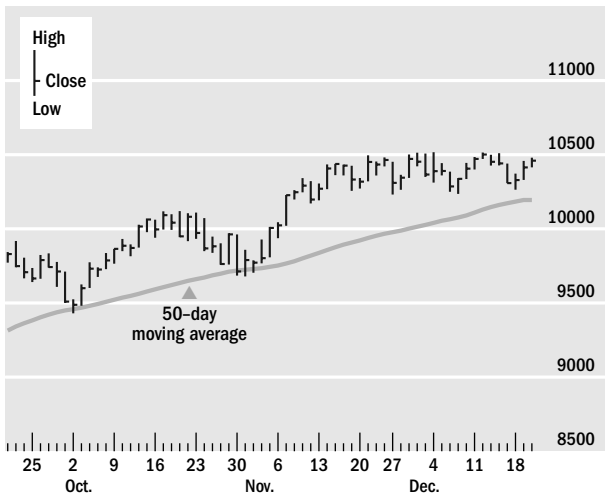
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 18

LAST: **10459.64** ▲ 45.50, or 0.44%
YEAR TO DATE: ▲ **1,683.25, or 19.2%**
OVER 52 WEEKS ▲ **2,040.15, or 24.2%**

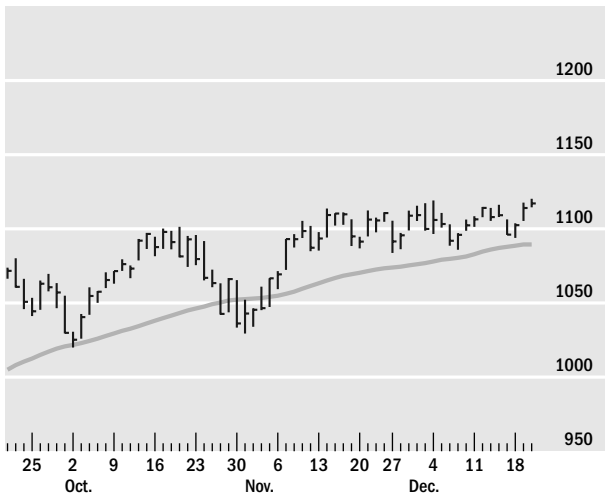


Nasdaq Composite Index P/E: 44*

LAST: **2247.43** ▲ 9.77, or 0.44%
YEAR TO DATE: ▲ **670.40, or 42.5%**
OVER 52 WEEKS ▲ **725.89, or 47.7%**

S&P 500 Index P/E: 73

LAST: **1117.12** ▲ 3.07, or 0.28%
YEAR TO DATE: ▲ **213.87, or 23.7%**
OVER 52 WEEKS ▲ **253.96, or 29.4%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**9.70**	$27.66	0.12	**0.44%**
Alcoa	AA	**18.00**	15.55	-0.18	**-1.14**
AmExpress	AXP	**2.10**	41.13	0.11	**0.27**
BankAm	BAC	**50.90**	15.37	0.09	**0.59**
Boeing	BA	**1.70**	55.05	0.75	**1.38**
Caterpillar	CAT	**2.00**	57.53	-0.07	**-0.12**
Chevron	CVX	**2.70**	77.59	0.09	**0.12**
CiscoSys	CSCO	**11.60**	23.74	0.10	**0.42**
CocaCola	KO	**1.70**	57.31	0.13	**0.23**
Disney	DIS	**3.00**	32.41	0.01	**0.04**
DuPont	DD	**1.50**	32.52	0.37	**1.15**
ExxonMobil	XOM	**15.30**	68.68	0.17	**0.25**
GenElec	GE	**24.40**	15.50	-0.07	**-0.45**
HewlettPk	HPQ	**5.80**	52.43	0.44	**0.85**
HomeDpt	HD	**4.50**	29.26	0.30	**1.04**
Intel	INTC	**12.10**	20.12	0.03	**0.15**
IBM	IBM	**2.00**	129.61	0.95	**0.74**
JPMorgChas	JPM	**10.50**	41.86	-0.04	**-0.10**
JohnsJohns	JNJ	**2.50**	64.63	0.30	**0.47**
KftFoods	KFT	**2.40**	27.25	0.26	**0.96**
McDonalds	MCD	**1.40**	62.91	0.25	**0.40**
Merck	MRK	**5.70**	37.60	-0.09	**-0.24**
Microsoft	MSFT	**13.70**	30.85	0.33	**1.08**
Pfizer	PFE	**17.10**	18.68	0.07	**0.38**
ProctGamb	PG	**3.00**	61.38	0.08	**0.13**
3M	MMM	**0.80**	81.79	0.36	**0.44**
TravelersCos	TRV	**1.00**	48.81	0.14	**0.29**
UnitedTech	UTX	**1.30**	69.44	0.08	**0.12**
Verizon	VZ	**3.70**	33.29	0.27	**0.82**
WalMart	WMT	**4.60**	53.68	0.28	**0.52**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**264.0**	$3.37	–$0.05	**–1.61%**
BankAm	BAC	**52.1**	15.37	0.09	**0.59**
SPDR S&P 500	SPY	**45.8**	111.58	0.25	**0.22**
PwrShrs QQQ	QQQQ	**26.2**	45.14	0.18	**0.40**
GenElec	GE	**24.7**	15.50	–0.07	**–0.45**
WellsFargo	WFC	**23.0**	26.94	–0.40	**–1.46**
FordMotor	F	**22.0**	9.77	0.10	**1.03**
iShrMSCIEmrgMkt	EEM	**19.7**	40.19	–0.12	**–0.30**
AmIntlGp	AIG	**18.7**	30.93	2.87	**10.23**
SPDR GldTr	GLD	**18.7**	106.03	–0.93	**–0.86**
MicronTch	MU	**18.3**	9.34	0.03	**0.27**
Alcoa	AA	**18.1**	15.56	–0.18	**–1.11**
YRC Worldwide	YRCW	**17.9**	1.08	0.19	**21.35**
Pfizer	PFE	**17.4**	18.69	0.08	**0.42**
AMR	AMR	**17.4**	8.13	0.49	**6.41**

Biggest gainers...

SauerDan	SHS	**942.8**	$11.14	$2.01	**22.02%**
AtlasPipeline	AHD	**914.4**	6.04	1.04	**20.76**
MGIC Inv	MTG	**3,885.3**	5.92	0.82	**16.08**
SuperiorBcp	SUPR	**100.0**	3.51	0.47	**15.46**
AdeptTch	ADEP	**5.6**	3.57	0.42	**13.33**

...Biggest losers

SKF AB AccRetNtsRet	SBG	**26.3**	$3.14	-$0.65	**-17.15%**
VanExDurTreasETF	EDV	**21.6**	79.22	-12.56	**-13.69**
SyntaPharm	SNTA	**221.6**	5.49	-0.81	**-12.86**
M G P Ingred	MGPI	**298.4**	7.75	-0.98	**-11.23**
SmithtwnBcp	SMTB	**181.2**	4.52	-0.51	**-10.16**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.39	$6.36	**Taiwan Semi**	TSM	**4,510.3**	$11.30	0.15	**1.35%**
3.87	1.65	**Utd Microelectronics**	UMC	**1,561.9**	3.72	0.14	**3.91**
15.95	8.56	**China Unicom**	CHU	**1,274.2**	12.47	-0.18	**-1.42**
78.75	33.09	**BHP Billiton**	BHP	**1,157.4**	72.87	0.34	**0.47**
11.88	6.25	**AU Optrncs**	AUO	**1,069.3**	11.74	0.07	**0.60**
59.22	40.20	**China Mobile**	CHL	**827.8**	45.38	-0.32	**-0.70**
54.99	22.61	**Infosys Tech**	INFY	**533.8**	54.57	0.49	**0.91**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**466.6**	5.18	-0.06	**-1.15**
8.19	3.78	**Siliconware Prec Ind**	SPIL	**340.4**	6.77	0.06	**0.89**
34.52	19.60	**Honda Motor**	HMC	**306.3**	33.63	0.18	**0.54**
135.92	63.94	**PetroChina**	PTR	**247.0**	116.35	-2.27	**-1.91**
4.00	1.43	**SemiMfgInt**	SMI	**240.6**	2.97	0.05	**1.71**
19.56	15.05	**ChunghwaTel**	CHT	**205.2**	17.89	0.04	**0.22**
15.29	6.85	**Korea Elec Pwr**	KEP	**180.5**	13.71	0.13	**0.96**
18.80	12.59	**SK Telecom**	SKM	**176.2**	16.40	0.02	**0.12**
32.79	9.91	**Aluminum Cp of China**	ACH	**167.1**	26.94	-0.13	**-0.48**
81.00	37.43	**China Life Ins**	LFC	**164.6**	71.50	0.53	**0.75**
30.82	15.64	**Sony**	SNE	**130.8**	29.00	0.42	**1.47**
22.15	5.11	**Yanzhou Coal Mining**	YZC	**129.2**	20.79	0.33	**1.61**
27.96	17.71	**NTT**	NTT	**128.7**	19.90	-0.25	**-1.24**
87.67	56.79	**Toyota Motor**	TM	**123.9**	83.16	0.80	**0.97**
9.50	3.96	**Nomura Hldgs**	NMR	**108.2**	7.48	0.03	**0.40**
9.82	5.43	**Telecom Corp of NZ**	NZT	**107.1**	8.71	-0.04	**-0.42**
94.00	46.45	**China Petro & Chem**	SNP	**100.9**	86.35	0.65	**0.76**
42.51	21.23	**Canon**	CAJ	**96.8**	41.47	0.36	**0.88**
17.79	11.30	**KT Corp**	KTC	**93.4**	17.16	0.11	**0.65**
150.50	47.09	**POSCO**	PKX	**85.8**	126.95	2.65	**2.13**
34.43	21.60	**Huaneng Power Intl**	HNP	**75.3**	21.98	0.00	**-0.02**
19.93	13.11	**NTT DoCoMo**	DCM	**74.6**	14.16	-0.13	**-0.91**
7.10	2.00	**Alumina**	AWC	**71.6**	6.26	0.07	**1.13**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

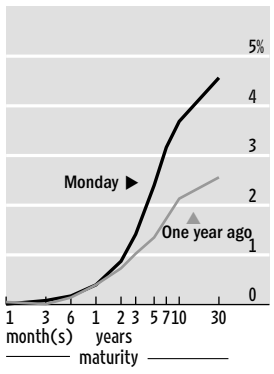
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.330%**	**344.1**	346.0	372.9	**203.8**	**4.300%**	4.458%	**2.865%**
4.500	10	**5.575**	**183.1**	181.5	208.1	**196.3**	**5.455**	5.451	**4.135**
5.250	**Austria** 2	**0.953**	**6.4**	9.8	18.8	**134.0**	**0.938**	0.917	**2.167**
4.350	10	**3.628**	**-11.6**	-1.7	25.8	**170.1**	**3.623**	3.628	**3.873**
3.500	**Belgium** 2	**1.036**	**14.7**	18.6	38.1	**147.5**	**1.026**	1.110	**2.302**
4.000	10	**3.633**	**-11.1**	-4.3	27.1	**161.1**	**3.597**	3.641	**3.783**
1.250	**Canada** 2	**1.394**	**50.5**	50.4	52.6	**42.4**	**1.344**	1.255	**1.251**
3.750	10	**3.611**	**-13.3**	-17.8	1.3	**64.3**	**3.462**	3.383	**2.815**
4.000	**Denmark** 2	**2.027**	**113.8**	115.2	144.2	**198.9**	**1.992**	2.171	**2.816**
4.000	10	**3.546**	**-19.8**	-15.6	24.8	**124.3**	**3.484**	3.618	**3.415**
1.500	**France** 2	**1.103**	**21.4**	23.6	54.4	**132.1**	**1.076**	1.273	**2.148**
3.750	10	**3.501**	**-24.3**	-20.5	18.1	**123.9**	**3.435**	3.551	**3.411**
1.250	**Germany** 2	**1.213**	**32.4**	32.6	58.5	**98.0**	**1.166**	1.314	**1.807**
3.250	10	**3.269**	**-47.5**	-44.8	-11.2	**78.8**	**3.192**	3.258	**2.960**
0.550	**Hong Kong** 2	**0.552**	**-33.7**	-35.2	-27.4	**-11.0**	**0.488**	0.455	**0.717**
2.160	10	**2.555**	**-118.9**	-119.1	-117.8	**-79.3**	**2.449**	2.192	**1.379**
3.750	**Italy** 2	**1.489**	**60.0**	61.7	82.0	**228.4**	**1.457**	1.549	**3.111**
4.250	10	**4.024**	**28.0**	38.7	69.5	**230.4**	**4.027**	4.065	**4.476**
0.200	**Japan** 2	**0.170**	**-71.9**	-67.0	-47.9	**-34.2**	**0.170**	0.250	**0.485**
1.300	10	**1.253**	**-249.1**	-241.8	-206.5	**-92.2**	**1.222**	1.305	**1.250**
4.000	**Netherlands** 2	**0.815**	**-7.4**	-2.7	19.4	**121.6**	**0.813**	0.923	**2.043**
4.000	10	**3.444**	**-30.0**	-24.7	15.4	**140.4**	**3.393**	3.524	**3.576**
3.200	**Portugal** 2	**1.324**	**43.5**	44.0	47.7	**185.2**	**1.280**	1.206	**2.679**
4.750	10	**4.005**	**26.1**	35.8	45.1	**178.6**	**3.998**	3.821	**3.958**
5.350	**Spain** 2	**1.511**	**62.2**	76.4	65.3	**166.1**	**1.604**	1.382	**2.488**
4.300	10	**3.932**	**18.8**	28.0	47.5	**163.8**	**3.920**	3.845	**3.810**
2.750	**Switzerland** 2	**0.604**	**-28.5**	-24.6	...	**...**	**0.594**	...	**...**
2.250	10	**1.958**	**-178.6**	-169.8	...	**...**	**1.942**	...	**...**
3.250	**U.K.** 2	**1.231**	**34.2**	37.5	51.7	**39.2**	**1.215**	1.246	**1.219**
4.500	10	**3.898**	**15.4**	22.3	26.8	**95.8**	**3.863**	3.638	**3.130**
0.750	**U.S.** 2	**0.889**	**...**	...	...	**...**	**0.840**	0.729	**0.827**
3.375	10	**3.744**	**...**	...	...	**...**	**3.640**	3.370	**2.172**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.565%**	16.30	–5.69 %	–7.17 %	–24.79 %	–26.56 %
10-year Treasury	**3.686**	8.30	–3.76	–2.30	–8.31	–9.18
7 Year Treasury	**3.164**	6.25	–2.75	–0.50	...	...
Five-year Treasury	**2.401**	4.66	–1.70	0.51	0.48	–0.01
Ryan Index	**2.684**	6.72	–2.50	–1.36	–5.70	–6.36
3 Year Treasury	**1.415**	2.92	–0.66	0.81	1.88	2.05
Two-year Treasury	**0.872**	1.92	–0.35	0.58	1.72	1.81
1 Year Treasury	**0.397**	0.98	–0.07	0.24	0.99	1.05
Six-month Treasury	**0.173**	0.50	...	0.07	0.64	0.66
Ryan Cash Index-a	**0.165**	0.45	–0.01	0.09	0.53	0.55
Three-month bill	**0.081**	0.25	0.01	0.05	0.36	0.34
One-month bill	**0.010**	0.07	0.01	0.02	0.14	0.15

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	3.50
Japan	**1.475**	1.675
Britain	**0.50**	2.00
ECB	**1.00**	2.50
Switzerland	**0.53**	2.02
Australia	**3.75**	4.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23188%**	0.47125%
Three month	**0.24875**	1.46625
Six month	**0.43125**	1.85000
One year	**0.97813**	2.10625

	Latest	52 wks ago
Euro Libor		
One month	**0.44438%**	2.73063%
Three month	**0.66875**	3.01125
Six month	**0.97500**	3.08625
One year	**1.22188**	3.18375
Hibor		
One month	**0.07000**	0.34500%
Three month	**0.11964**	0.99714
Six month	**0.24929**	1.55214
One year	**0.58929**	1.90000
Asian dollars		
One month	**0.2395%**	0.46%
Three month	**0.2633**	1.4700
Six month	**0.4613**	1.8325
One year	**0.9925**	2.0725

	Offer	Bid
Eurodollars		
One month	**0.3500%**	0.2000%
Three month	**0.3300**	0.2300
Six month	**0.4100**	0.3100
One year	**0.6500**	0.5500

	Latest	52 wks ago
U.S. discount	**0.50%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.19%**	0.13%
U.K. (BBA)	**0.498**	1.792
Euro zone	**0.31**	2.15

Sources: WSJ Market Data Group; Reuters

Japan bond yields rise on fears of more supply

By Takashi Mochizuki

TOKYO—Japanese government bond yields rose, as Japanese Cabinet members said the government will compile another economic stimulus package for the fiscal year that begins in April, raising concerns about more debt issuance.

Cabinet members said the government will compile a new program with at least one trillion yen ($10.97 billion) in spending to spur regional growth, lift employment and help small companies.

BOND MARKETS

"While much about where the money will come from remains unclear, it is certainly a factor that may push up issuance of JGBs in the next fiscal year," said Katsutoshi Inadome, a senior strategist at Mitsubishi UFJ Securities.

The benchmark 10-year yield rose 0.03 percentage point Tuesday to 1.245%.

Finance Minister Hirohisa Fujii renewed the government's pledge to limit the new debt sales in fiscal 2010 below 44 trillion yen, but Mr. Inadome said "risks of Tokyo ending up breaking the pledge remain."

Wednesday, the market will react to remarks from Bank of Japan Gov. Masaaki Shirakawa, who said in a speech after the market close that it isn't appropriate for a central bank to look only at short-term movement in prices when making monetary policy. He said that while he doesn't think a low rate alone will cause a bubble in the economy, expectations for a prolonged accommodative environment could lead to excessive risk-taking.

Lloyds settles with U.S. agency

By Meena Thiruvengadam

WASHINGTON—The U.S. Treasury Department has reached a $217 million deal with **Lloyds TSB Bank**, settling allegations that the bank intentionally manipulated data about sanctioned parties in wire-transfer instructions.

In announcing the settlement Tuesday, Treasury said Lloyds violated sanctions against Iran, Sudan and Libya in manipulating information used in wire transfers through third-party U.S. banks.

Lloyds's violations began in the mid-1990s "at the behest and with the knowledge of its Iranian bank customers," Treasury said.

From June 2003 to August 2006 alone, Lloyds routed at least 4,281 electronic funds transfers valued at a combined $37 million through U.S. banks, Treasury's data show.

Lloyds stopped U.S. dollar clearing activities for its Iranian bank customers in 2003 and has since "terminated the entire scope of its alleged illegal activities," Treasury said.

Yen drops as data lift the dollar

Continued from page 17

ter the release of November existing-home sales data showed a rise of 7.4%, much better than the expected 3.3% rise economists had predicted.

The improving U.S. home-sales data again stoked investors' expectations the economy is improving at a quicker pace than those of its competitors, leading some to believe the Fed could increase key interest rates sooner than previously thought.

Late morning Tuesday, the euro was at $1.4269 from $1.4283 late Monday and was at 130.95 yen from 130.25 yen. The U.K. pound was at $1.5954 from $1.6051, and the dollar was at 1.0491 Swiss francs from 1.0462 francs.

The Dollar Index, which tracks the greenback against a trade-weighted basket of currencies, was at 78.216 from 78.059.

The yen had strengthened against the U.S. dollar in recent months due to renewed investor appetite for risk and loose U.S. monetary policy—both sending the dollar lower—and a sense that Japan could withstand a stronger currency. But the trend has reversed in recent weeks as Dubai's financial troubles added to investor jitters and the outlook for the U.S. economy improved.

Still, in a market with extremely low liquidity ahead of the Christmas holiday weekend, analysts warned against reading too much into recent dollar strength.

A weaker-than-expected reading on third-quarter U.S. gross domestic product Tuesday might challenge the idea the U.S. economy is recovering from recession at a faster clip than its competitors, analysts said.

GDP rose at a 2.2% annual rate in the quarter, the Commerce Department reported. Last month, the department had estimated third-quarter GDP growth at 2.8%, which was a downgrade from an original report of 3.5%.

Earlier, the euro had held steady against the dollar after Moody's Investor Service downgraded the debt of Greece but didn't cut the rating as much as had been feared.

FUND SCORECARD

Emerging Europe Equity

Funds that invest primarily in the equities of companies based in Emerging Europe. At least 75% of total assets are invested in equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending December 22, 2009

Leading 15 Performers

FUND RATING*	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US** YTD	1-YR	2-YR	5-YR
3	**Pioneer Fds (A) Eastern Eur Stock A**	Pioneer Investments Austria GmbH	EUR	Austria	**99.79**	96.80	-23.60	9.45
NS	**Arka BZ WBK Srodk. i Wschod Europ**	BZ WBK AIB Towarzystwo Funduszy Inw SA	PLN	Poland	**88.12**	94.80	-20.37	NS
3	**Templeton Eastern Europe A Acc €**	Franklin Templeton Investment Funds	EUR	Luxembrg	**97.04**	94.44	-19.36	8.56
5	**cominvest Fd Eastern Europe P**	cominvest Asset Management GmbH	EUR	Luxembrg	**96.34**	93.27	-14.36	15.11
NS	**Parex Caspian Sea Equity**	Parex Asset Management	EUR	Latvia	**84.87**	91.75	-34.75	NS
4	**DWS Osteuropa**	DWS Investment S.A.	EUR	Luxembrg	**92.15**	91.33	-24.48	10.19
1	**Carnegie East European 1A**	Carnegie Fund Management Company S.A.	USD	Luxembrg	**92.25**	90.56	-36.97	1.94
2	**Carnegie Øst-Europa**	Carnegie Kapitalforvaltning AS	NOK	Norway	**93.22**	90.37	-36.62	2.58
2	**CAAM Funds Emerging Europe C**	Crédit Agricole-LCL	EUR	Luxembrg	**97.93**	89.06	-24.21	10.53
3	**Raiffeisen-Osteuropa-Aktien A**	Raiffeisen Kapitalanlage-G.m.b.H.	EUR	Austria	**93.62**	88.87	-22.24	9.91

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	12/22	EUR	54.20	20.2	21.1	-28.2
ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	12/21	USD	10.33	25.8	27.4	-15.9
Am Eq Blend B	US	EQ	LUX	12/21	USD	9.70	24.5	26.1	-16.7
Am Growth A	US	EQ	LUX	12/21	USD	30.50	33.2	46.1	-8.0
Am Growth AX	US	EQ	LUX	12/21	USD	32.91	33.9	47.0	-7.4
Am Growth B	US	EQ	LUX	12/21	USD	25.65	31.9	44.7	-8.9
Am Growth C	US	EQ	LUX	12/21	USD	27.60	32.6	45.5	-8.3
Am Growth I	US	EQ	LUX	12/21	USD	33.79	34.2	47.3	-7.2
Am Income A	US	BD	LUX	12/21	USD	8.44	24.6	26.5	5.5
Am Income A2	US	BD	LUX	12/21	USD	19.02	25.0	26.5	5.5
Am Income A2	OT	OT	NA	12/21	HKD	147.51	NS	NS	NS
Am Income AT	OT	OT	NA	12/21	HKD	65.45	NS	NS	NS
Am Income AT	US	BD	LUX	12/21	USD	8.44	24.9	26.5	5.4
Am Income B	US	BD	LUX	12/21	USD	8.44	23.7	25.5	4.7
Am Income B2	US	BD	LUX	12/21	USD	16.40	24.1	25.6	4.7
Am Income B2	OT	OT	NA	12/21	HKD	127.19	NS	NS	NS
Am Income BT	OT	OT	NA	12/21	HKD	65.84	NS	NS	NS
Am Income BT	US	BD	LUX	12/21	USD	8.49	24.2	25.7	4.7
Am Income C	US	BD	LUX	12/21	USD	8.44	24.0	25.9	5.0
Am Income C2	US	BD	LUX	12/21	USD	24.38	24.5	25.9	5.0
Am Income I	US	BD	LUX	12/21	USD	8.44	25.3	27.3	6.1
Am Value A	US	EQ	LUX	12/21	USD	8.55	18.6	21.3	-14.8
Am Value B	US	EQ	LUX	12/21	USD	7.87	17.3	20.0	-15.6
Am Value C	US	EQ	LUX	12/21	USD	8.55	17.9	20.6	-15.2
Am Value I	US	EQ	LUX	12/21	USD	9.19	19.4	22.0	-14.2
Emg Mkts Debt A	GL	BD	LUX	12/21	USD	15.55	43.4	44.7	7.6
Emg Mkts Debt A2	GL	BD	LUX	12/21	USD	20.05	44.0	44.7	7.6
Emg Mkts Debt AT	GL	BD	LUX	12/21	USD	15.64	44.1	44.6	7.6
Emg Mkts Debt B	GL	BD	LUX	12/21	USD	15.55	42.2	43.3	6.6
Emg Mkts Debt B2	GL	BD	LUX	12/21	USD	19.32	42.7	43.2	6.6
Emg Mkts Debt BT	GL	BD	LUX	12/21	USD	15.62	42.7	43.2	6.6
Emg Mkts Debt C	GL	BD	LUX	12/21	USD	15.55	42.8	44.1	7.1
Emg Mkts Debt C2	GL	BD	LUX	12/21	USD	19.71	43.4	44.0	7.1
Emg Mkts Debt I	GL	BD	LUX	12/21	USD	15.55	44.1	45.4	8.2
Emg Mkts Growth A	GL	EQ	LUX	12/21	USD	33.27	66.0	64.4	-14.9
Emg Mkts Growth B	GL	EQ	LUX	12/21	USD	28.21	64.5	62.8	-15.8
Emg Mkts Growth C	GL	EQ	LUX	12/21	USD	28.85	65.3	63.6	-15.3
Emg Mkts Growth I	GL	EQ	LUX	12/21	USD	36.88	67.3	65.8	-14.3
Eur Growth A	OT	OT	LUX	12/21	USD	9.85	23.9	27.3	-18.8
Eur Growth A	OT	OT	LUX	12/21	EUR	6.90	23.9	27.3	-18.8
Eur Growth B	OT	OT	LUX	12/21	EUR	6.20	22.5	26.0	-19.6
Eur Growth B	OT	OT	LUX	12/21	USD	8.85	22.5	26.0	-19.6
Eur Growth C	EU	EQ	LUX	12/21	EUR	5.22	23.1	26.7	-19.2
Eur Growth I	OT	OT	LUX	12/21	USD	10.73	24.7	28.3	-18.2
Eur Growth I	OT	OT	LUX	12/21	EUR	7.52	24.7	28.3	-18.2
Eur Income A	OT	OT	LUX	12/21	EUR	6.63	39.5	39.8	4.1
Eur Income A	OT	OT	LUX	12/21	USD	9.46	39.5	39.8	4.1
Eur Income A2	OT	OT	LUX	12/21	EUR	12.91	40.2	39.9	4.1
Eur Income A2	OT	OT	LUX	12/21	USD	18.43	40.2	39.9	4.1
Eur Income AT	EU	BD	LUX	12/21	EUR	6.64	40.0	39.8	4.1
Eur Income B	OT	OT	LUX	12/21	EUR	6.63	38.7	38.9	3.3
Eur Income B	OT	OT	LUX	12/21	USD	9.46	38.7	38.9	3.3
Eur Income B2	OT	OT	LUX	12/21	EUR	12.01	39.2	38.8	3.4
Eur Income B2	OT	OT	LUX	12/21	USD	17.14	39.2	38.8	3.4
Eur Income BT	EU	BD	LUX	12/21	EUR	6.64	39.3	38.9	3.4
Eur Income C	OT	OT	LUX	12/21	EUR	6.63	39.0	39.3	3.6
Eur Income C	OT	OT	LUX	12/21	USD	9.46	39.0	39.3	3.6
Eur Income C2	OT	OT	LUX	12/21	EUR	12.87	39.6	39.3	3.6
Eur Income C2	OT	OT	LUX	12/21	USD	18.37	39.6	39.3	3.6
Eur Income I	OT	OT	LUX	12/21	EUR	6.63	40.1	40.5	4.6
Eur Income I	OT	OT	LUX	12/21	USD	9.46	40.1	40.5	4.6
Eur Strat Value A	OT	OT	LUX	12/21	EUR	8.41	20.8	25.3	-22.3
Eur Strat Value A	OT	OT	LUX	12/21	USD	12.01	20.8	25.3	-22.3
Eur Strat Value I	OT	OT	LUX	12/21	EUR	8.61	21.8	26.4	-21.6
Eur Strat Value I	OT	OT	LUX	12/21	USD	12.29	21.8	26.4	-21.6
Eur Value A	OT	OT	LUX	12/21	EUR	9.06	24.5	29.2	-19.3
Eur Value A	OT	OT	LUX	12/21	USD	12.93	24.5	29.2	-19.3
Eur Value B	OT	OT	LUX	12/21	USD	11.91	23.2	27.9	-20.1
Eur Value B	OT	OT	LUX	12/21	EUR	8.34	23.2	27.9	-20.1
Eur Value C	OT	OT	LUX	12/21	USD	12.50	23.7	28.6	-19.7
Eur Value C	OT	OT	LUX	12/21	EUR	8.76	23.7	28.6	-19.7
Eur Value I	OT	OT	LUX	12/21	USD	14.93	25.3	30.3	-18.7
Eur Value I	OT	OT	LUX	12/21	EUR	10.46	25.3	30.3	-18.7
GI Balanced (Euro) A	OT	OT	LUX	12/21	USD	16.29	20.4	22.2	-11.7
GI Balanced (Euro) B	OT	OT	LUX	12/21	USD	15.87	19.2	21.0	-12.6
GI Balanced (Euro) C	OT	OT	LUX	12/21	USD	16.17	20.1	22.0	-12.0
GI Balanced (Euro) I	OT	OT	LUX	12/21	USD	16.59	NS	NS	NS
GI Balanced A	US	BA	LUX	12/21	USD	16.39	23.3	25.0	-10.9
GI Balanced B	US	BA	LUX	12/21	USD	15.59	22.2	23.8	-11.8
GI Balanced C	OT	OT	LUX	12/21	USD	16.15	23.0	24.7	-11.2
GI Balanced C	OT	OT	LUX	12/21	EUR	11.31	23.0	24.7	-11.2
GI Balanced I	US	BA	LUX	12/21	USD	17.00	24.2	25.9	-10.3
GI Bond A	US	BD	LUX	12/21	USD	9.30	13.0	14.1	5.0
GI Bond A2	US	BD	LUX	12/21	USD	16.09	13.2	14.0	4.9
GI Bond A2	OT	OT	NA	12/21	HKD	124.78	13.2	14.0	4.9
GI Bond AT	OT	OT	LUX	12/21	HKD	72.12	13.3	14.0	4.9
GI Bond AT	US	BD	LUX	12/21	USD	9.30	13.3	14.0	4.9
GI Bond B	US	BD	LUX	12/21	USD	9.30	12.0	13.0	3.9
GI Bond B2	US	BD	LUX	12/21	USD	14.10	12.2	12.9	3.9
GI Bond B2	OT	OT	NA	12/21	HKD	109.35	12.2	12.9	3.9
GI Bond BT	OT	OT	LUX	12/21	HKD	72.43	12.2	12.9	4.0
GI Bond BT	US	BD	LUX	12/21	USD	9.34	12.2	12.9	4.0
GI Bond C	US	BD	LUX	12/21	USD	9.30	12.5	13.6	4.5
GI Bond C2	US	BD	LUX	12/21	USD	13.97	12.8	13.6	4.5
GI Bond I	US	BD	LUX	12/21	USD	9.30	13.5	14.7	5.6
GI Conservative A	US	BA	LUX	12/21	USD	14.85	15.2	16.3	-4.4
GI Conservative A2	US	BA	LUX	12/21	USD	16.91	16.0	17.1	-4.1
GI Conservative B	US	BA	LUX	12/21	USD	14.85	14.5	15.5	-5.2
GI Conservative B2	US	BA	LUX	12/21	USD	16.07	14.9	15.9	-5.0
GI Conservative C	US	BA	LUX	12/21	USD	14.85	14.9	16.0	-4.7
GI Conservative C2	US	BA	LUX	12/21	USD	16.54	15.5	16.6	-4.5
GI Conservative I	US	BA	LUX	12/21	USD	14.92	16.1	17.3	-3.7
GI Eq Blend A	GL	EQ	LUX	12/21	USD	11.52	28.9	31.5	-21.7
GI Eq Blend B	GL	EQ	LUX	12/21	USD	10.81	27.6	30.1	-22.5
GI Eq Blend C	GL	EQ	LUX	12/21	USD	11.32	28.3	30.9	-22.0
GI Eq Blend I	GL	EQ	LUX	12/21	USD	12.15	29.9	32.5	-21.0
GI Growth A	GL	EQ	LUX	12/21	USD	41.29	28.0	30.1	-22.8
GI Growth B	GL	EQ	LUX	12/21	USD	34.48	26.8	28.8	-23.6
GI Growth C	GL	EQ	LUX	12/21	USD	39.62	27.4	29.5	-23.2
GI Growth I	GL	EQ	LUX	12/21	USD	45.83	29.0	31.2	-22.2
GI High Yield A	US	BD	LUX	12/21	USD	4.30	58.4	62.7	4.0
GI High Yield A2	US	BD	LUX	12/21	USD	9.17	59.2	62.3	3.9
GI High Yield A2	OT	OT	NA	12/21	HKD	71.12	59.2	62.3	3.9
GI High Yield AT	OT	OT	NA	12/21	HKD	33.12	59.4	62.1	3.8
GI High Yield AT	US	BD	LUX	12/21	USD	4.27	59.4	62.1	3.8
GI High Yield B	US	BD	LUX	12/21	USD	4.30	56.5	60.6	2.7
GI High Yield B2	US	BD	LUX	12/21	USD	14.74	57.6	60.7	2.8
GI High Yield B2	OT	OT	NA	12/21	HKD	114.31	57.6	60.7	2.8
GI High Yield BT	OT	OT	NA	12/21	HKD	33.66	57.4	60.9	2.9
GI High Yield BT	US	BD	LUX	12/21	USD	4.34	57.4	60.9	2.9
GI High Yield C	US	BD	LUX	12/21	USD	4.30	57.6	61.8	3.5
GI High Yield C2	US	BD	LUX	12/21	USD	13.59	58.6	61.6	3.4
GI High Yield I	US	BD	LUX	12/21	USD	4.30	59.5	63.9	4.7
GI Thematic Res. A	OT	OT	LUX	12/21	USD	14.44	65.0	65.0	-4.4
GI Thematic Res. B	OT	OT	LUX	12/21	USD	12.64	63.5	63.5	-5.4
GI Thematic Res. I	OT	OT	LUX	12/21	USD	16.10	66.3	66.5	-3.7
GI Value A	GL	EQ	LUX	12/21	USD	11.03	29.9	32.9	-20.5
GI Value B	GL	EQ	LUX	12/21	USD	10.13	28.6	31.6	-21.4
GI Value C	GL	EQ	LUX	12/21	USD	10.72	29.3	32.3	-20.9
GI Value I	GL	EQ	LUX	12/21	USD	11.72	30.8	33.9	-20.0
Greater China A	AS	EQ	LUX	12/21	USD	38.53	50.2	46.3	-18.4
Greater China B	AS	EQ	LUX	12/21	USD	34.11	48.8	44.8	-19.2
Greater China C	AS	EQ	LUX	12/21	USD	38.05	49.6	45.6	-18.7
India Growth A	OT	OT	LUX	12/21	USD	120.62	NS	NS	NS
India Growth AX	OT	OT	LUX	12/21	USD	105.43	82.5	71.1	-12.4
India Growth B	OT	OT	LUX	12/21	USD	126.40	NS	NS	NS
India Growth BX	OT	OT	LUX	12/21	USD	90.14	80.7	69.4	-13.2
India Growth I	EA	EQ	LUX	12/21	USD	109.24	83.3	71.8	-12.0
Int'l Health Care A	OT	EQ	LUX	12/21	USD	136.71	16.4	19.0	-9.1
Int'l Health Care B	OT	EQ	LUX	12/21	USD	115.35	15.3	17.8	-10.0
Int'l Health Care C	OT	EQ	LUX	12/21	USD	131.04	15.9	18.4	-9.5
Int'l Health Care I	OT	EQ	LUX	12/21	USD	149.33	17.3	19.9	-8.4
Int'l Technology A	OT	EQ	LUX	12/21	USD	108.29	48.0	48.6	-13.1
Int'l Technology B	OT	EQ	LUX	12/21	USD	93.86	46.6	47.2	-13.9
Int'l Technology C	OT	EQ	LUX	12/21	USD	104.67	47.4	48.0	-13.4
Int'l Technology I	OT	EQ	LUX	12/21	USD	121.40	49.2	49.8	-12.4
Japan Eq Blend A	JP	EQ	LUX	12/21	JPY	5916.00	10.2	16.4	-24.0
Japan Eq Blend B	JP	EQ	LUX	12/21	JPY	5710.00	9.2	15.3	-24.8
Japan Eq Blend C	JP	EQ	LUX	12/21	JPY	5822.00	9.8	15.9	-24.4
Japan Growth A	JP	EQ	LUX	12/21	JPY	5781.00	3.9	9.2	-24.6
Japan Growth B	JP	EQ	LUX	12/21	JPY	5580.00	2.9	8.1	-25.4
Japan Growth C	JP	EQ	LUX	12/21	JPY	5689.00	3.5	8.7	-25.0
Japan Strat Value A	JP	EQ	LUX	12/21	JPY	6005.00	16.4	23.7	-23.9
Japan Strat Value B	JP	EQ	LUX	12/21	JPY	5802.00	15.3	22.4	-24.6
Japan Strat Value C	JP	EQ	LUX	12/21	JPY	5906.00	15.9	23.1	-24.2
Real Estate Sec. A	OT	EQ	LUX	12/21	USD	14.09	32.1	34.6	-15.8
Real Estate Sec. B	OT	EQ	LUX	12/21	USD	12.88	30.8	33.2	-16.6
Real Estate Sec. I	OT	EQ	LUX	12/21	USD	15.14	33.0	35.7	-15.1
Short Mat Dollar A	US	BD	LUX	12/21	USD	7.25	11.1	12.0	-5.9
Short Mat Dollar A2	US	BD	LUX	12/21	USD	9.76	11.4	12.1	-6.0
Short Mat Dollar AT	US	BD	LUX	12/21	USD	7.25	11.4	12.0	-6.0
Short Mat Dollar B	US	BD	LUX	12/21	USD	7.25	10.7	11.5	-6.4
Short Mat Dollar B2	US	BD	LUX	12/21	USD	9.71	10.8	11.5	-6.4
Short Mat Dollar BT	OT	OT	LUX	12/21	USD	7.27	10.3	11.0	-6.7
Short Mat Dollar C	US	BD	LUX	12/21	USD	7.25	10.7	11.5	-6.4
Short Mat Dollar C2	US	BD	LUX	12/21	USD	13.73	10.9	11.5	-6.4
Short Mat Dollar I	US	BD	LUX	12/21	USD	7.25	11.7	12.6	-5.4

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	11/30	USD	1616.75	66.9	72.1	NS
CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	12/16	USD	121.52	21.5	21.5	9.4
PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	10/30	USD	95.07	13.2	5.7	-13.4
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	10/30	USD	108.45	5.5	2.5	-34.0
Platinm-Emancipation	OT	OT	USA	10/30	USD	93.58	25.0	9.3	-11.3
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	10/30	USD	60.64	29.4	15.3	-31.8
Platinm-Nordic	OT	OT	CYM	10/30	SEK	607.79	11.4	9.7	-18.3
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	10/30	USD	56.60	NS	NS	-38.7
SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	12/15	USD	41.52	-50.1	-50.0	-5.5
Superfund GCT USD*	GL	EQ	LUX	12/15	USD	2219.00	-39.2	-39.6	-3.4
Superfund Green Gold A (SPC)	OT	OT	CYM	12/15	USD	990.66	-14.8	-3.5	8.5
Superfund Green Gold B (SPC)	OT	OT	CYM	12/15	USD	953.75	-29.2	-19.9	4.2
Superfund Q-AG*	OT	OT	AUT	12/15	EUR	6582.00	-24.9	-24.9	1.5
WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	11/30	EUR	972.73	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	11/30	GBP	976.73	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	11/30	USD	1232.74	-2.8	-1.2	3.7
Winton Futures EUR Cls C	OT	OT	VGB	11/30	EUR	202.11	-1.8	-0.1	9.2
Winton Futures GBP Cls D	OT	OT	VGB	11/30	GBP	218.35	-1.6	0.4	10.2
Winton Futures JPY Cls E	OT	OT	VGB	11/30	JPY	14398.02	-2.4	-0.4	6.9
Winton Futures USD Cls B	OT	OT	VGB	11/30	USD	716.94	-2.2	-0.2	8.9

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MARKETS

U.S. stock markets flirt with 14-month highs

By Kristina Peterson And Donna Kardos Yesalavich

Major U.S. stock indexes mustered just enough momentum on Tuesday to flirt with fresh 14-month closing highs, helped by a surprisingly strong reading of existing-home sales.

ABREAST OF THE MARKET

But a decline in a key manufacturing index kept the advances in check.

In addition, the U.S. revised its estimate of third-quarter gross domestic product lower, though investors were heartened that lower inventories were part of the reason for the downward revision.

Midday, the Dow Jones Industrial Average was up 44.82 points, or 0.4%, to 10458.96, nearing the 14-month closing high set Dec. 14. The technology-heavy Nasdaq Composite Index climbed 9.06 points, or 0.4%, to 2246.72. The Standard & Poor's 500 stock index added 2.88 points, or 0.3%, to 1116.93.

Boeing rose 1.4% after it acquired Alenia North America's 50% stake in Global Aeronautica LLC as the aerospace giant tries to get more control over the sprawling global supply chain that led to problems and delays of its 787 Dreamliner aircraft. **DuPont** was also strong, up 1.2%, while **Hewlett-Packard** climbed 1%.

The stock-market rise reflected cautious optimism on the part of investors as they reacted to economic data released Tuesday that sent mixed messages about the U.S. economic recovery.

Deal activity continued as **Take-Two Interactive Software** said **Synnex** Corp. agreed to pay $43.3 million for its distribution business Jack of All Games Inc. The struggling videogame publisher also cut its first-quarter and fiscal-year outlooks because of the deal. Take-Two's shares fell 3.6%, while Synnex edged up 1.1%.

European markets

Shares rose for a second straight day, lifted by strong increases by oil majors and a big rebound by selected banks.

Total rose 1.7% in Paris as it said that a consortium it has formed with Partex has been awarded a 49% interest in the Ahnet license in Algeria.

Cairn Energy jumped 6.3% in London as it continued to benefit from Monday's announcement that it plans to drill off the shore of Greenland.

Among national indexes, the U.K.'s FTSE 100 index rose 0.7% to 5328.66, the German DAX index added 0.3% to 5945.69 and the French CAC-40 index advanced 0.7% to 3898.38.

Infineon Technologies climbed 3.6% after the German semiconductor maker raised its forecasts for the first quarter.

Greek banks rose as a downgrade of Greece by Moody's wasn't as severe as feared. **National Bank of Greece** climbed 7.4% in Athens.

Treasurys fall on revision of GDP data

By Emily Barrett

NEW YORK—Treasurys prices recovered somewhat from morning lows on the surprisingly sharp downward adjustment to last quarter's U.S. growth figures.

The government's release was expected to confirm third-quarter gross domestic product rose close to the earlier estimate of 2.8%. Instead, the rate was revised lower, to 2.2%, because of weaker-than-expected business spending.

U.S. CREDIT MARKETS

Government bonds prices, which have suffered lately from increased optimism over the prospects for the U.S. recovery, recovered a little of the week's lost-ground, sending yields higher.

At 11 a.m. Eastern time, the two-year note was down 1/32 point from late Monday to 99 24/32, for a yield of 0.8845%. The 10-year note was down 13/32 to 97 1/32, pushing the yield up to 3.7363%, a prices and yields move inversely. Those yields are the highest since August, although recent moves have been exaggerated by extremely thin trading at this holiday time of year. The 30-year bond was down 22/32 to 96 7/32, to yield 4.609%.

A moderate burst of 10-year note buying following the data made little difference to the record gap between the two- and 10-year yields. This yield curve still stands at a record 2.84 percentage point, compared with 2.81 point late Monday.

Tech stocks lift Nikkei; metals hurt Shanghai

By Myra P. Saefong And Colin Ng

The Nikkei Stock Average of 225 companies posted its highest close in three months as technology stocks tracked gains in their U.S. counterparts and a weaker Japanese yen helped pull exporters higher.

Weakness in metals shares following recent losses in gold prices weighed on the Shanghai market.

Japan's benchmark index rose 1.9% to 10378.03, its strongest closing level since Sept. 24. The technology sector's rally was fed by a 2.3% rise in Intel's stock on Monday in the U.S. after Barclays Capital upgraded its rating on the stock to "overweight" from "market weight."

ASIAN-PACIFIC STOCKS

Toshiba climbed 4.7% and **Elpida Memory** advanced 4.6%, also helped by a Nikkei report that they were resuming capital spending to boost semiconductor production capacity, to make the most of a solid recovery in the global market.

The U.S. dollar's gains also helped the Tokyo market.

"The [dollar] strength is undoubtedly helping out the Nikkei," said Mr. Peacock. "With Japan being such an export-focused economy, the weaker yen is a real positive for Japanese companies' earnings."

Toyota Motor rose 2.2% on expectations that the weaker yen and the car maker's plans to reduce costs 30% would help its earnings. "Consumers are leaning toward low-priced, smaller cars, so auto makers are under more pressure to cut costs," said SMBC Friend Research Center analyst Shigeru Matsumura. Toyota also reported a nearly 14% year-to-year rise in November auto production for Japan.

Nissan Motor rallied 6.1% after the car maker reported a rise of nearly 21% in Japanese auto production for November, the first year-to-year increase in 14 months.

The Shanghai Composite Index, however, finished 2.3% lower at 3050.52, with **Shandong Gold-Mining** among the stocks with the largest declines. It fell 4.5% after gold-futures prices in New York fell by more than $15 an ounce on Monday. Other metals shares on the exchange declined, too, with **Jiangxi Copper** shedding 4% and **Sino-Platinum Metals** down 4.9%.

In Seoul, the Korea Composite Stock Price Index tacked on 0.7% to close at 1655.54, with shipbuilders leading the advance on reports of new orders. **Daewoo Shipbuilding** rose 2.1%.

Australia's S&P/ASX 200 finished 1.5% higher at 4704.25. Banks led the Sydney market higher with **Westpac** up 3.4% and **Australia & New Zealand Banking Group** up 2.5%.

Newcrest Mining fell 2.1% on the recent weakness in gold prices and on news it has halted production from the Telfer gold mine in Western Australia because of weather associated with Tropical Cyclone Laurence.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Concentra AE	EU	EQ	DEU	12/22	EUR	52.24	32.5	37.5	-12.4
Industria AE	EU	EQ	DEU	12/22	EUR	71.16	34.3	36.1	-17.8
InternRent AE	EU	BD	DEU	12/22	EUR	35.57	5.7	5.5	10.5

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CAM-GTF Limited	AS	EQ	MUS	12/11	USD	270451.41	100.5	120.9	1.1

GAM

■ GAM FUND MANAGEMENT LIMITED

George's Court, 54-62 Townsend Street, Dublin 2, Ireland

Tel +353 1 609 3927 Fax +353 1 611 7941, Internet: www.gam.com

GAM Arbitrage Op	OT	OT	VGB	12/11	USD	1247.78	23.1	20.0	-8.8
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	12/14	JPY	15440.89	64.7	74.0	0.5
GAM Asia Equity Hedge US	OT	OT	VGB	12/14	USD	289.30	65.8	75.6	2.2
GAM Asia Equity USD	OT	OT	VGB	12/21	USD	621.18	54.7	52.3	-14.1
GAM Asia-Pacific Eq USD	OT	OT	VGB	12/15	USD	1263.12	17.6	29.1	-18.9
GAM Com Glb Bal EUR Op	US	BA	VGB	12/14	EUR	93.10	14.7	17.0	-9.9
GAM Com Glb Bal USD Op	US	BA	VGB	12/14	USD	127.31	14.7	17.0	-9.9
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	12/14	EUR	95.07	21.3	24.9	-17.2
GAM Comp Glb Eq USD Op	GL	EQ	VGB	12/14	USD	126.70	21.3	24.9	-17.2
GAM Comp Glb Gr EUR Op	US	BA	VGB	12/14	EUR	83.88	15.0	17.9	-14.3
GAM Comp Glb Gr USD Op	US	BA	VGB	12/14	USD	126.34	15.0	17.9	-14.3
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	12/18	USD	244.86	34.4	41.2	-12.4
GAM Cross Trading Inc	OT	OT	VGB	12/14	USD	464.04	6.1	NS	NS
GAM Diversity CHF Op	OT	OT	VGB	12/14	CHF	94.54	4.5	3.8	-6.9
GAM Diversity EUR Op	OT	OT	VGB	12/14	EUR	649.99	5.3	4.9	-5.3
GAM Diversity USD 2.5XL	OT	OT	VGB	12/14	USD	78.80	9.2	8.2	NS
GAM Diversity USD Op	OT	OT	VGB	12/14	USD	682.53	5.3	NS	NS
GAM Dvrsty II CHF Op	OT	OT	VGB	12/14	CHF	99.84	4.4	NS	NS
GAM Dvrsty II EUR Op	OT	OT	VGB	12/14	EUR	139.19	4.9	4.1	-5.4
GAM Dvrsty II USD Op	OT	OT	VGB	12/14	USD	210.84	4.9	NS	-5.6
GAM DvrstyIII EUR Op	OT	OT	VGB	12/14	EUR	115.92	4.9	4.1	-5.5
GAM DvrstyIII USD Op	OT	OT	VGB	12/14	USD	122.37	4.9	4.1	-5.6
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	12/14	EUR	214.90	9.0	8.6	-5.9
GAM Euro Eq Hdg USD Op	OT	OT	VGB	12/14	USD	199.89	9.7	9.8	-4.3
GAM European Equity USD	OT	OT	VGB	12/18	USD	287.61	22.3	21.6	-14.3
GAM GAMCO	OT	EQ	VGB	12/15	USD	806.38	39.0	46.0	-11.7
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	12/14	EUR	98.24	13.9	13.7	-17.1
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	12/14	USD	103.54	14.4	14.1	-16.4
GAM Gbl Divers USD Inc.	GL	EQ	VGB	12/14	USD	249.86	22.4	26.8	-9.7
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	12/14	USD	288.70	102.2	109.0	21.0
GAM Intrst Trend II	GL	BD	VGB	12/14	USD	93.42	41.4	35.8	-8.4
GAM Intrst Trend Inc	OT	OT	VGB	12/14	USD	249.11	56.4	51.3	-6.9
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	12/14	EUR	114.26	7.0	10.4	-10.8
GAM Japan Eq Hdg USD Op	OT	OT	VGB	12/14	USD	118.83	5.7	NS	-22.0
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	12/14	JPY	8176.72	6.0	13.3	-21.7
GAM Japan USD	JP	EQ	VGB	12/21	USD	1089.12	5.2	7.8	-15.8
GAM Japan YEN	JP	EQ	VGB	12/21	JPY	8637.81	7.8	11.8	-23.6
GAM Money Mkt EuroOp	EU	MM	VGB	12/21	EUR	51.20	0.1	0.2	1.7
GAM Money Mkt USD	US	MM	VGB	12/18	USD	99.96	-0.1	0.0	0.9
GAM Multi-Arb EUR Op	OT	OT	VGB	12/14	EUR	113.29	1.1	-0.9	-8.6
GAM Multi-Arb USD Op	OT	OT	VGB	12/14	USD	118.28	1.3	-0.8	-8.8
GAM Multi-China EUR Op	OT	OT	VGB	12/14	EUR	167.99	13.1	13.0	-8.8
GAM Multi-China USD Op	OT	OT	VGB	12/14	USD	176.61	13.7	13.6	-9.4
GAM Multi-Emer Mkts GBP	OT	OT	VGB	12/14	GBP	130.34	24.6	23.9	-3.0
GAM Multi-Emer Mkts USD	OT	OT	VGB	12/14	USD	645.36	24.6	23.9	-3.4
GAM Multi-Eur EUR Op	OT	OT	VGB	12/14	EUR	267.99	6.8	6.0	-10.3
GAM Multi-Eur II EUR Op	OT	OT	VGB	12/14	EUR	137.89	6.7	8.6	-10.3
GAM Multi-Eur II USD Op	OT	OT	VGB	12/14	USD	112.76	6.3	8.2	-11.3
GAM Multi-Eur USD Op	OT	OT	VGB	12/14	USD	466.44	6.4	5.6	-11.2
GAM Multi-Nth Am EUR Special	OT	OT	VGB	12/14	EUR	132.77	11.4	12.3	NS
GAM Multi-Nth Am USD Special	OT	OT	VGB	12/14	USD	216.31	11.8	13.0	NS
GAM Multi-Pac EUR Op	GL	EQ	VGB	12/14	EUR	142.45	4.5	4.1	-4.8
GAM Multi-Pac USD Op	OT	OT	VGB	12/14	USD	164.43	4.6	4.4	-5.2
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	12/11	USD	2574.88	65.5	71.2	9.7
GAM Sing/Malaysia	AS	EQ	VGB	12/21	USD	2471.42	48.8	46.7	-10.5
GAM Sterling Spe Bd Inc	OT	OT	VGB	12/14	GBP	241.88	40.0	40.4	2.3
GAM Trading EUR Inc	OT	OT	VGB	12/14	EUR	323.84	5.9	5.4	6.8
GAM Trading USD Inc	OT	OT	VGB	12/14	USD	969.19	6.1	5.7	6.3
GAM Trdg II IncEUR Op	OT	OT	VGB	12/14	EUR	138.52	5.8	5.3	6.8
GAM Trdg II IncUSD Op	OT	OT	VGB	12/14	USD	314.69	6.1	5.7	6.3
GAM Trdg IV IncEUR Op	OT	OT	VGB	12/14	EUR	146.18	5.6	5.0	6.5
GAM Trdg IV IncUSD Op	OT	OT	VGB	12/14	USD	153.91	5.9	5.4	6.2
GAM Trdg V IncEUR Op	OT	OT	VGB	12/14	EUR	123.94	5.6	4.9	6.3
GAM Trdg V IncUSD Op	OT	OT	VGB	12/14	USD	129.08	5.8	5.4	6.1
GAM TrdgIII IncEUR Op	OT	OT	VGB	12/14	EUR	156.35	5.7	5.2	6.5
GAM TrdgIII IncUSD Op	OT	OT	VGB	12/14	USD	161.86	5.9	5.5	6.2
GAM USDSpecBondInc	US	BD	VGB	12/14	USD	518.91	70.7	75.0	5.7
GAM Worldwide	GL	EQ	VGB	12/18	USD	2195.64	22.6	23.5	-10.3
GAMut Investments	OT	OT	VGB	12/16	USD	7573.04	4.3	5.1	7.7

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	12/18	CHF	10.60	49.8	44.3	-17.2
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	12/18	EUR	11.35	51.8	51.6	-12.0
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	12/18	GBP	1.50	41.2	41.8	-1.9
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	12/18	USD	12.79	56.0	52.6	-11.9
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	12/21	EUR	98.71	16.8	19.0	-14.7
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	12/21	EUR	95.52	16.8	19.0	-14.7
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	12/21	EUR	10.81	22.9	24.0	-12.0
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	12/21	EUR	179.19	22.3	23.8	-14.6
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	12/21	EUR	163.73	22.3	23.8	-14.6
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	12/21	USD	15.59	24.9	27.0	-14.5
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	12/21	USD	14.14	24.9	26.9	-14.5
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	12/18	USD	5.65	20.0	12.3	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	12/21	EUR	87.08	7.0	8.9	-13.5
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	12/21	EUR	87.08	7.0	8.9	-13.5
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	12/21	JPY	901.79	7.6	11.5	-23.5
GAMStar-JpnEq USD Acc	JP	EQ	IRL	12/21	USD	10.99	4.4	7.0	-16.0
GAMStar-World EqUSD Acc	GL	EQ	IRL	12/18	USD	2173.81	23.5	24.5	-9.9

Manulife Wealth Management 宏利財富管理

■ MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110

Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	12/22	USD	15.02	24.0	25.0	-13.4
American Growth AA	US	EQ	LUX	12/22	USD	0.87	23.6	24.7	-7.5
Asian Equity	AS	EQ	LUX	12/22	USD	2.37	56.5	53.5	-10.5
Asian Equity AA	AS	EQ	LUX	12/22	USD	0.76	55.9	52.9	-10.8
Asian Sm Cap Equity AA	AS	EQ	LUX	12/22	USD	1.12	86.8	87.5	-6.2
China Value A	AS	EQ	LUX	12/22	USD	6.84	57.4	56.8	-8.8
China Value AA	AS	EQ	LUX	12/22	USD	2.15	57.0	56.4	-9.0
Dragon Growth	AS	EQ	LUX	12/22	USD	1.58	59.0	55.3	-11.9
Dragon Growth AA	OT	OT	LUX	12/22	HKD	7.66	58.9	55.0	-12.9
Emg Eastrn Europe A	EU	EQ	LUX	12/22	USD	4.46	88.7	88.4	-19.8
Emg Eastrn Europe AA	EU	EQ	LUX	12/22	USD	1.92	88.5	88.1	-19.9
European Growth	EU	EQ	LUX	12/22	USD	8.99	38.3	43.2	-18.7
European Growth AA	EU	EQ	LUX	12/22	USD	0.64	38.0	42.9	-18.9
Global Contrarain AA	GL	EQ	LUX	12/22	USD	0.86	77.4	82.6	NS
Global Property AA	OT	EQ	LUX	12/22	USD	0.66	42.0	40.2	-14.4
Global Resources AA	OT	EQ	LUX	12/22	USD	1.06	49.2	57.8	-11.2
Healthcare AA	OT	EQ	LUX	12/22	USD	0.93	11.7	13.7	NS
India Equity AA	EA	EQ	LUX	12/22	USD	1.05	72.0	62.1	-18.6
International Growth	GL	EQ	LUX	12/22	USD	3.00	19.4	21.9	-16.3
International Growth AA	GL	EQ	LUX	12/22	USD	0.70	19.2	21.6	-16.5
Japanese Growth	JP	EQ	LUX	12/22	USD	2.75	6.0	8.6	-13.0
Japanese Growth AA	JP	EQ	LUX	12/22	USD	0.72	5.7	8.3	-11.5
Latin America Equity AA	GL	EQ	LUX	12/22	USD	1.23	98.0	94.2	-5.2
Manulife GF Strategic Income Fund AA	OT	OT	NA	12/22	USD	1.00	NS	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	12/22	USD	1.10	NS	NS	NS
Russia Equity AA	EE	EQ	LUX	12/22	USD	0.63	131.1	128.0	-22.8
Taiwan Equity AA	AS	EQ	LUX	12/22	USD	1.03	75.5	69.9	1.8
Turkey Equity AA	EE	EQ	LUX	12/22	USD	0.73	96.7	95.6	-14.6
U.S. Bond AA	US	BD	LUX	12/22	USD	1.11	18.3	18.9	7.5
U.S. High Yield Bond AA	US	BD	LUX	12/22	USD	0.80	79.8	85.5	-0.3
U.S. Sm Cap Equity AA	US	EQ	LUX	12/22	USD	0.80	66.1	63.5	-14.0
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	12/22	USD	1.14	8.3	6.6	3.5

■ PT CIPTADANA ASSET MANAGEMENT

Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	12/16	USD	126.99	120.1	114.6	-4.7

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A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED

www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	12/21	USD	7.74	80.4	71.6	-7.4

SOCIETE GENERALE Asset Management

■ SG ASSET MANAGEMENT HTTP://WWW.SGAM.COM

Eq. Concentrated Euroland A	OT	OT	LUX	12/21	EUR	92.51	21.5	22.9	-19.9
Eq. Euroland Small Cap A	OT	OT	LUX	12/18	EUR	138.02	39.3	43.5	-13.0
Eq. Global Resources A	OT	OT	LUX	12/18	USD	105.60	50.6	56.6	-8.8
Eq. India A	OT	OT	LUX	12/21	USD	124.38	71.1	61.8	-18.5
Eq. Japan CoreAlpha A	OT	OT	LUX	12/21	JPY	7183.04	22.1	29.3	-13.6
Eq. Latin America A	OT	OT	LUX	12/18	USD	111.45	79.0	75.3	-9.7

■ SGAM Fund

Bonds Eur Hi Yld A	EU	BD	LUX	12/18	EUR	20.50	54.2	56.8	-1.6
Bonds EURO A	EU	BD	LUX	12/18	EUR	41.45	5.0	5.1	5.9
Bonds EUROPE A	EU	BD	LUX	12/21	EUR	39.24	3.6	4.0	4.7
Bonds US OppsCoreplus A	US	BD	LUX	12/18	USD	37.20	18.0	19.0	9.0
Bonds World A	GL	BD	LUX	12/21	USD	42.39	6.4	5.8	7.6
Eq. China A	AS	EQ	LUX	12/21	USD	23.04	54.2	46.9	-15.5
Eq. ConcentratedEuropeA	EU	EQ	LUX	12/21	EUR	26.52	28.7	30.7	-18.0
Eq. Euroland A	EU	EQ	LUX	12/18	EUR	10.53	14.9	15.6	-20.9
Eq. EurolandCyclclsA	EU	EQ	LUX	12/18	EUR	17.32	26.1	26.9	-16.4
Eq. EurolandFinancialA	OT	EQ	LUX	12/18	EUR	10.96	30.1	31.4	-22.7
Eq. Glbl Emg Cty A	GL	EQ	LUX	12/21	USD	9.24	54.6	51.7	-15.5
Eq. Global A	GL	EQ	LUX	12/21	USD	27.54	30.9	34.1	-14.4
Eq. Global Energy A	OT	EQ	LUX	12/18	USD	17.54	23.0	23.0	-13.6
Eq. Gold Mines A	OT	EQ	LUX	12/18	USD	29.90	43.0	55.7	4.7
Eq. US Lg Cap Gr A	US	EQ	LUX	12/18	USD	15.06	39.7	40.6	-12.2
Eq. US Rel Val A	US	EQ	LUX	12/18	USD	20.22	30.2	32.8	-15.4
Eq. US Sm Cap Val A	US	EQ	LUX	12/21	USD	15.78	21.9	24.9	-21.8
Money Market EURO A	EU	MM	LUX	12/18	EUR	27.39	1.0	1.1	2.7
Money Market USD A	US	MM	LUX	12/21	USD	15.83	0.5	0.6	1.7

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■ THE NATIONAL INVESTOR

TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

TNI Mena Real Estate Fund	OT	OT	BMU	12/10	USD	929.00	-1.2	-7.1	-28.2
TNI MENA Special Sits Fund	OT	OT	BMU	11/30	USD	1070.31	10.2	10.3	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	12/10	AED	4.67	1.8	-10.5	-35.1

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Investing through discipline

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**formerly known as China ABH Shares Fund*

Intel-Chin MainInd Foc	AS	EQ	CYM	12/15	USD	29.84	86.0	90.8	0.9
Intel-China Converg*	AS	EQ	CYM	12/15	USD	114.29	87.6	93.1	-0.6
VP Classic - A	AS	EQ	CYM	12/21	USD	178.71	75.3	76.4	-3.1
VP CLassic - B	AS	EQ	CYM	12/21	USD	83.31	74.5	75.5	-3.6
VP High Dividend Stk	AS	EQ	CYM	12/14	USD	45.84	84.5	91.5	-1.1

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Tel +44-207-269 0203 www.yukifunds.com

■ YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	12/22	JPY	9322.00	6.9	9.1	-25.7
YMR-N Small Cap Fund	OT	OT	IRL	12/22	JPY	6954.00	7.4	12.3	-25.2

■ Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	12/22	JPY	6104.00	3.4	4.6	-26.9
Yuki 77 Growth	JP	EQ	IRL	12/22	JPY	5611.00	-5.2	-4.4	-32.2

■ Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	12/22	JPY	6754.00	8.2	9.3	-23.7
Yuki Chugoku JpnLowP	JP	EQ	IRL	12/22	JPY	7512.00	-8.3	-7.6	-23.4

■ Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	12/22	JPY	4627.00	1.7	2.4	-27.2
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	12/22	JPY	5215.00	-1.2	-1.0	-20.9
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	12/22	JPY	5060.00	7.5	10.5	-23.0

■ Yuki Mizuho Series

Yuki Mizuho Jpn Gen Jpn III	OT	OT	IRL	12/22	JPY	4370.00	2.8	4.3	-31.1
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	12/22	JPY	4607.00	2.6	3.2	-30.8
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	12/22	JPY	6879.00	12.8	14.0	-25.5
Yuki Mizuho Jpn Gen	OT	OT	IRL	12/22	JPY	8519.00	6.2	7.4	-25.0
Yuki Mizuho Jpn Gro	OT	OT	IRL	12/22	JPY	6312.00	1.0	1.3	-28.2
Yuki Mizuho Jpn Inc	OT	OT	IRL	12/22	JPY	7571.00	-4.8	-4.3	-23.7
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	12/22	JPY	5129.00	2.9	3.5	-25.9
Yuki Mizuho Jpn LowP	OT	OT	IRL	12/22	JPY	11380.00	0.4	1.7	-20.5
Yuki Mizuho Jpn PGth	OT	OT	IRL	12/22	JPY	7886.00	3.2	4.1	-30.5
Yuki Mizuho Jpn SmCp	OT	OT	IRL	12/22	JPY	7125.00	16.2	19.8	-24.9
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	12/22	JPY	5566.00	7.2	7.2	-22.8
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	12/22	JPY	2713.00	13.7	14.5	-30.6

■ Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	12/22	JPY	5364.00	5.2	6.5	-24.5

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

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Hong Kong's Russian headache

Hong Kong must wish it had never heard of **Rusal**.

The messy compromises that look set to allow the Russian aluminum company to list on the Hong Kong Stock Exchange challenge the city's reputation as a transparent financial center and the exchange's fragile appeal as a listing market of choice among global issuers.

The aim was to appease two camps, one seeking to establish Hong Kong's openness to companies beyond China's borders, the other wary of allowing debt-heavy Rusal to be the flag bearer of this effort.

The result has been obfuscation. Hong Kong's market regulator has made minimum IPO subscriptions prohibitively high, a move that effectively flags Rusal as too risky a play for individual investors.

It is a step backward for a regulator that this year advanced the rights of small investors by challenging a bid for telecom operator PCCW, and for an exchange that recognized as recently as March that creating two classes of investors is a mistake.

The presence of dubious companies on the HKEx, even if open only to "professional" investors, will tarnish the exchange's image. Meanwhile, the practicalities of "protecting" small investors are tricky.

Other exchanges have segregated companies into higher risk camps—listings on London's AIM or Shenzhen's ChiNext are no doubt viewed as such by investors. For small companies with few other sources of capital, this "high risk" label is worth bearing.

But more robust names may not be keen for association with a market that bends the rules for companies of questionable quality.

Rusal's IPO was supposed to be the culmination of a years-long effort by HKEx to internationalize its constituent stocks, and by extension its appeal to investors.

Instead, the exchange has found itself launching this project with a dud of a company, and one that has exposed a lack of clear thinking among Hong Kong's investment powers-that-be.

—Andrew Peaple

The trading floor at the Hong Kong Stock Exchange

Big deal

Top five IPOs in Hong Kong by funds raised in 2009. Rusal's IPO is expected to raise around $2 billion.

Note: China Pacific Insurance starts trading Wednesday.
Sources: Hong Kong Stock Exchange; Agence France-Presse/Getty Images (photo)

Take-Two's problems too big even for Carl Icahn

There may be a videogame in the latest maneuvering over **Take-Two Interactive Software**, but that is likely the only way investors will get something out of it.

No one should have any hopes that Carl Icahn, who on Thursday disclosed an 11.3% stake in the videogame maker, can ride to the rescue. Not only have his efforts fizzled at other companies over the years, but the fundamental issues at Take-Two aren't easy to fix.

Take-Two loses money when it doesn't have a new version of its best-known franchise, "Grand Theft Auto." It had one in 2008 and made $97 million in net income.

Take-Two's 2005 contract with Major League Baseball, under which the company licenses the right to produce games with baseball content, is costly. Take-Two expects to lose $30 million to $35 million in fiscal 2010 on its MLB business, which continues for a few more years. It is doubtful Mr. Icahn can do anything about this.

Meanwhile, social networking games are surging in popularity, as are games for iPhones. Take-Two is responding to the changes, but uncertainty about the business is sure to deter potential buyers of the company. And that, again, is something that Mr. Icahn has little control over.

—Martin Peers

Eurostar faces risk of rivals

Eurostar has a public-relations disaster on its hands following the collapse of its cross-Channel rail services in this week's cold snap.

In theory, it could be a commercial one, too. International passenger rail travel was thrown open to competition in Europe on Dec. 13 under a new European Union law requiring track owners to provide open access to alternative operators. Eurostar, with its monopoly of the international passenger-only rail routes connecting London to Paris and Brussels, may not have much more than a year to lick itself in to shape.

True, potential rivals are likely to face substantial obstacles. Applications to run a rival service need the approval of the tracks owners in the U.K., France, Belgium and Eurotunnel. Making room for a new service at busy stations and on busy track in southeast England and northwest France could prove difficult.

Any competitor to France's state-owned Société Nationale des Chemins de Fer, a big Eurostar shareholder, would face political opposition, not least from its unionized work force. It took two years for utility group **Veolia** to start a rival freight service after that market was opened in 2003.

Still, these obstacles are unlikely to deter competitors from having a go. Eurostar needs to put its house in order.

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MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Tuesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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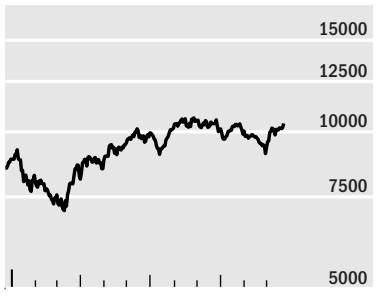
Asian index movers...

Nikkei Stock Average
Japan 10378.03
▲ **1.91% or 194.56**

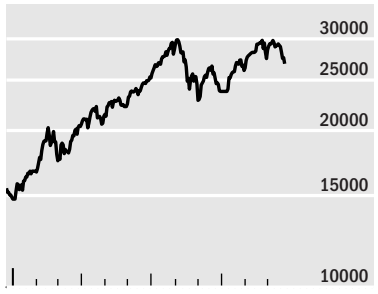
The Nikkei 225 closed at a three-month high, as big exporters such as Toyota and Sony rallied on yen weakness. Chip makers surged on hopes for improving demand.



Stock	Volume in millions	Close	Change Net	Change %
Mtshbsh Fin Grp	**480.78**	474	1	0.21
Hitachi	**110.38**	269	6	2.28
Mizuho Financial	**68.44**	175	unch	...
Toshiba	**64.33**	518	23	4.65
NEC	**59.26**	240	8	3.45

CBN 600
China 26869.12
▼ **2.69% or 742.47**

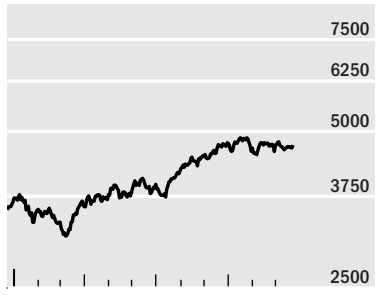
Shares were dragged down by developers on continued concerns over potential measures to rein in the real-estate market. China Vanke fell 3.9%; Poly Real Estate slid 2.8%.



Stock	Volume in millions	Close	Change Net	Change %
United Network	**368.38**	6.89	0.15	2.23
China State Con	**246.65**	4.56	–0.15	–3.18
ChinaPetrol&Chem	**148.55**	12.98	0.01	0.08
HaitongSecs	**145.87**	17.32	–0.56	–3.13
ChinaVankeCoA	**137.65**	10.30	–0.42	–3.92

ASX 200
Australia 4704.25
▲ **1.49% or 69.12**

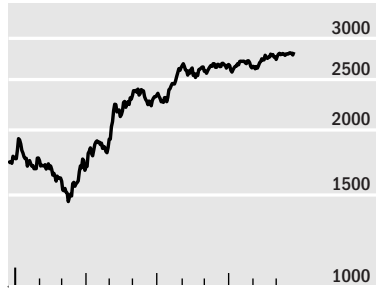
The market surged to a two-week high. Financials led a broad-based advance, with Westpac rising 3.4%. Property trusts were stronger. Westfield advanced 1.7%.



Stock	Volume in millions	Close	Change Net	Change %
Boart Longyear	**32.49**	0.34	0.01	1.49
MacquarieOffTrust	**29.83**	0.31	0.01	3.39
Telstra	**26.38**	3.31	0.02	0.61
GPT Group	**23.24**	0.58	0.01	1.75
Incitec Pivot	**16.08**	3.48	0.12	3.57

Straits-Times
Singapore 2823.82
▲ **1.33% or 37.01**

Shares rose for the first time in four sessions. Oceanus Group was up 4% after receiving approval to issue new shares in its plan to issue Taiwan Depository Receipts.



Stock	Volume in millions	Close	Change Net	Change %
Genting Spore	**48.94**	1.17	0.01	0.86
Golden Agri	**26.27**	0.50	0.02	3.13
Olam Inter	**14.94**	2.57	0.02	0.78
Sing Telecom	**13.90**	3.03	0.06	2.02
CapitaLand	**7.65**	4.15	0.04	0.97

Asian stocks in the news

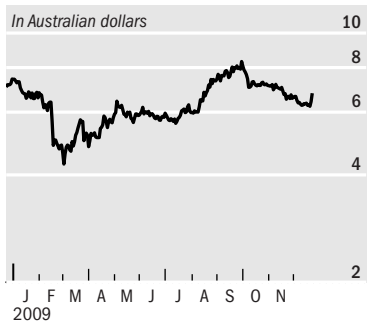
Toshiba
Japan ¥518
▲ **4.6% or ¥23**

Shares rose on a report that it is resuming capital spending to boost semiconductor production capacity.

		Daily	1 wk.	52 wks
Price-to-earnings ratio				**none**
Earnings per share, past four quarters				**-9.40**
Dividend yield				**none**
Indus Gds & Svcs		**1.0%**	-0.8%	44.7%
Toshiba		**4.6%**	2.4%	63.4%

Brambles
Australia A$6.78
▲ **5.6% or A$0.36**

The firm said it had been assigned a Baa1 long-term credit rating by Moody's, lifting shares.



		Daily	1 wk.	52 wks
Price-to-earnings ratio				**17**
Earnings per share, past four quarters				**0.40**
Dividend yield				**1.8**
Indus Gds & Svcs		**1.0%**	-0.8%	44.7%
Brambles		**5.6%**	6.6%	-3.8%

Nissan Motor
Japan ¥769
▲ **6.1% or ¥44**

The car maker reported a rise of 21% in Japanese auto production for November.

		Daily	1 wk.	52 wks
Price-to-earnings ratio				**350**
Earnings per share, past four quarters				**2.20**
Dividend yield				**none**
Automobiles & Parts		**1.5%**	-0.1%	61.5%
Nissan Motor		**6.1%**	6.1%	153.0%

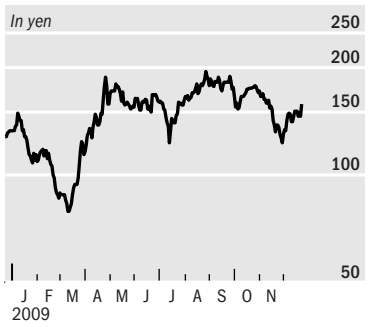
Isuzu Motors
Japan ¥172
▲ **6.8% or ¥11**

The stock jumped on a report that the truck maker wants to develop new diesel engines for GM.

		Daily	1 wk.	52 wks
Price-to-earnings ratio				**none**
Earnings per share, past four quarters				**-11.20**
Dividend yield				**none**
Indus Gds & Svcs		**1.0%**	-0.8%	44.7%
Isuzu Motors		**6.8%**	3.6%	52.2%

Fuji Elec Hldgs
Japan ¥158
▲ **8.2% or ¥12**

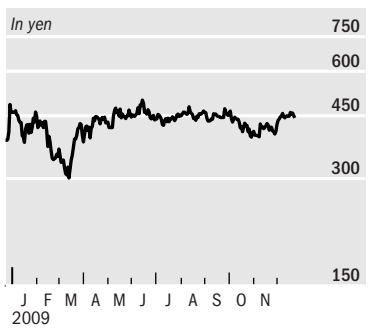
A report that the firm plans to start mass producing power-saving semiconductors in 2011 boosted shares.



		Daily	1 wk.	52 wks
Price-to-earnings ratio				**none**
Earnings per share, past four quarters				**-17.40**
Dividend yield				**none**
Indus Gds & Svcs		**1.0%**	-0.8%	44.7%
Fuji Elec Hldgs		**8.2%**	5.3%	16.2%

Aioi Insurance
Japan ¥444
▼ **1.3% or ¥6**

The stock fell as shareholders approved a merger with two other Japanese insurers.



		Daily	1 wk.	52 wks
Price-to-earnings ratio				**21**
Earnings per share, past four quarters				**21.20**
Dividend yield				**2.3**
Insurance		**0.4%**	-2.0%	10.4%
Aioi Insurance		**-1.3%**	-1.1%	10.7%

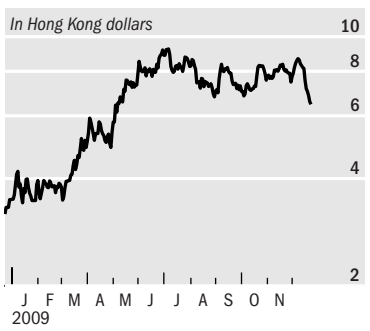
Nitori
Japan ¥6,800
▼ **1.4% or ¥100**

The furniture store chain's shares were hurt by the yen's weakness against the dollar.

		Daily	1 wk.	52 wks
Price-to-earnings ratio				**18**
Earnings per share, past four quarters				**384.50**
Dividend yield				**0.7**
Retail		**...**	-2.1%	18.3%
Nitori		**-1.4%**	1.6%	-4.2%

Sino-Ocean Land
Hong Kong HK$6.46
▼ **1.7% or HK$0.11**

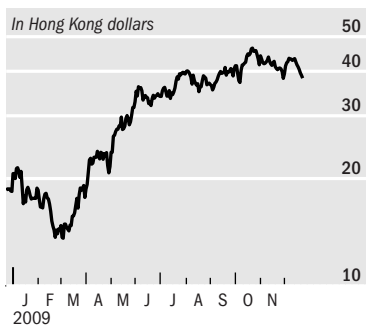
Shares declined for the eleventh consecutive session and are down 19% for the past month.



		Daily	1 wk.	52 wks
Price-to-earnings ratio				**17**
Earnings per share, past four quarters				**0.38**
Dividend yield				**1.7**
Real Estate		**0.8%**	-3.4%	33.9%
Sino-Ocean Land		**-1.7%**	-14.3%	103.1%

Kerry Prop
Hong Kong HK$38.25
▼ **1.8% or HK$0.70**

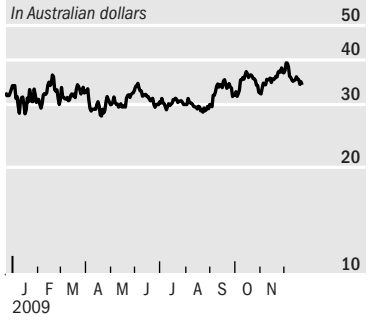
The stock slid for a seventh straight day as the Hong Kong real estate sector slipped.



		Daily	1 wk.	52 wks
Price-to-earnings ratio				**22**
Earnings per share, past four quarters				**1.72**
Dividend yield				**1.8**
Real Estate		**0.8%**	-3.4%	33.9%
Kerry Prop		**-1.8%**	-8.3%	106.3%

Newcrest Mining
Australia A$34.06
▼ **2.1% or A$0.72**

Shares fell on recent weakness in gold prices and halted production at an Australia gold mine.



		Daily	1 wk.	52 wks
Price-to-earnings ratio				**64**
Earnings per share, past four quarters				**0.53**
Dividend yield				**0.4**
Basic Resources		**1.0%**	-2.3%	67.9%
Newcrest Mining		**-2.1%**	-5.1%	5.1%

SPORTS

A sport that could use a turbo boost

Michael Schumacher's Possible Return to Formula 1 Is Just What the Racing Circuit Needs

By Jonathan Clegg

Brett Favre came out of retirement (again) this year to lead the resurgent Minnesota Vikings of the NFL to a playoff berth. Tom Watson, who long ago seemed relegated to golf's senior tour, came within a tee's width of winning the British Open in July.

Now, Michael Schumacher, the most successful driver in the history of Formula 1 racing, is poised to make a comeback at a relatively advanced age. And it's not a moment too soon for a sport beset by financial difficulties and recent public-relations embarrassments.

The seven-time world champion, who won 91 Grands Prix and broke almost every record in Formula 1 during a 16-year career, is expected to end his three-year retirement in an announcement that could come this year. The German, who turns 41 in early January, informed his former team, Ferrari, this month that there is a "very, very, very strong possibility" of his racing for German manufacturer Mercedes GP in 2010.

Getty Images

Michael Schumacher walks in the pits during a test session at Spain's Jerez track in December 2007.

It's hard to overestimate the star power of Mr. Schumacher in much of the world or what his comeback would mean for Formula 1, the world's most elite auto-racing circuit. During his time in F1, Mr. Schumacher parlayed his breathtaking skills into an industry and, in 2005, became the first sportsman reported to earn $1 billion—four years before Tiger Woods was said to have reached the landmark.

Mr. Schumacher's business empire included caps—he sold hundreds of thousands at $30 a pop—action figures and sunglasses. He even had his own vacuum cleaner. He was the first driver to practically bring his personal gym to the track. His famous endurance stretched to the technical side of the sport; his input during testing and development was credited with constructing a series of winning cars.

At the same time, he developed a reputation for playing fast and loose with the rules—and often his own safety—in pursuit of victory. He was disqualified from the 1997 drivers' championship after colliding with title rival Jacques Villeneuve.

Some doubt that Mr. Schumacher can catch up with the sport and its technological advances of the past few years.

"Schumacher coming back to F1 is great news for the sport, but I don't know if it will be great news for Michael Schumacher," the current world champion, Jenson Button, said last week. "He will be putting his reputation on the line."

Mr. Button isn't alone in harboring doubts about how a man who rose to fame in the 1990s will cope with today's cars, although Mr. Schumacher did try a comeback with Ferrari earlier this year.

But a lack of practice hasn't hindered him in the past.

Yet 18 years on, doubts persist over how much Mr. Schumacher has left in the tank. The last Formula 1 race winner over the age of 40 was Nigel Mansell, who won the Australian Grand Prix in 1994 at the age of 41. Shortly after that victory, Mr. Mansell was released by Williams F1, one of the top teams, over concerns that he wasn't fit enough to be competitive.

Such an inglorious finale is unlikely to befall Mr. Schumacher. He has remained active, racing motorcycles and taking part in the yearly Race of Champions all-star event. His general level of fitness would allikely be among the highest on the grid when the Formula 1 season begins at the Bahrain Grand Prix in March, although there will be doubts about how the sport-specific strength in the neck and shoulders will have been affected by his layoff.

Still, no one is questioning his nonphysical ability to have a successful return.

"He doesn't stop thinking," says Mark Blundell, who competed against Mr. Schumacher in a four-year Formula 1 career and now runs a management agency for F1 drivers. "He's one of those guys that at 4 a.m. is lying awake thinking about how to improve the car, and he'll get on the phone and tell somebody about it. That's why he made so much progress at Ferrari."

There is a degree of irony in the fact that Formula 1 is now pinning hopes of a revival on Mr. Schumacher. In 2002, his complete domination of the championship—he won 11 of the 17 races that year—was said to be driving fans away from the sport. Seven years on, his return is being hailed as a triumph.

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